NOTE

This Microfiche meets the quality requirements of the American National Standard for Microfiche of Documents (ANSI PH5.9-1975). However, because of imperfections in the document from which it was made, it contains images that are illegible or difficult to read. The source document for this microfiche is the best copy that could be obtained prior to filming.

CIS Congressional Information Service, Inc
Washington, D.C.

Union Calendar No. 277
100th Congress, 1st Session
H. Rept. No. 100-433
S. Rept. No. 100-216

Report of the Congressional Committees Investigating the Iran-Contra Affair

Appendix B: Volume 8
Depositions

Lee H. Hamilton, *Chairman*,
House Select Committee
Daniel K. Inouye, *Chairman*,
Senate Select Committee

U.S. House of Representatives
Select Committee to Investigate
Covert Arms Transactions with Iran

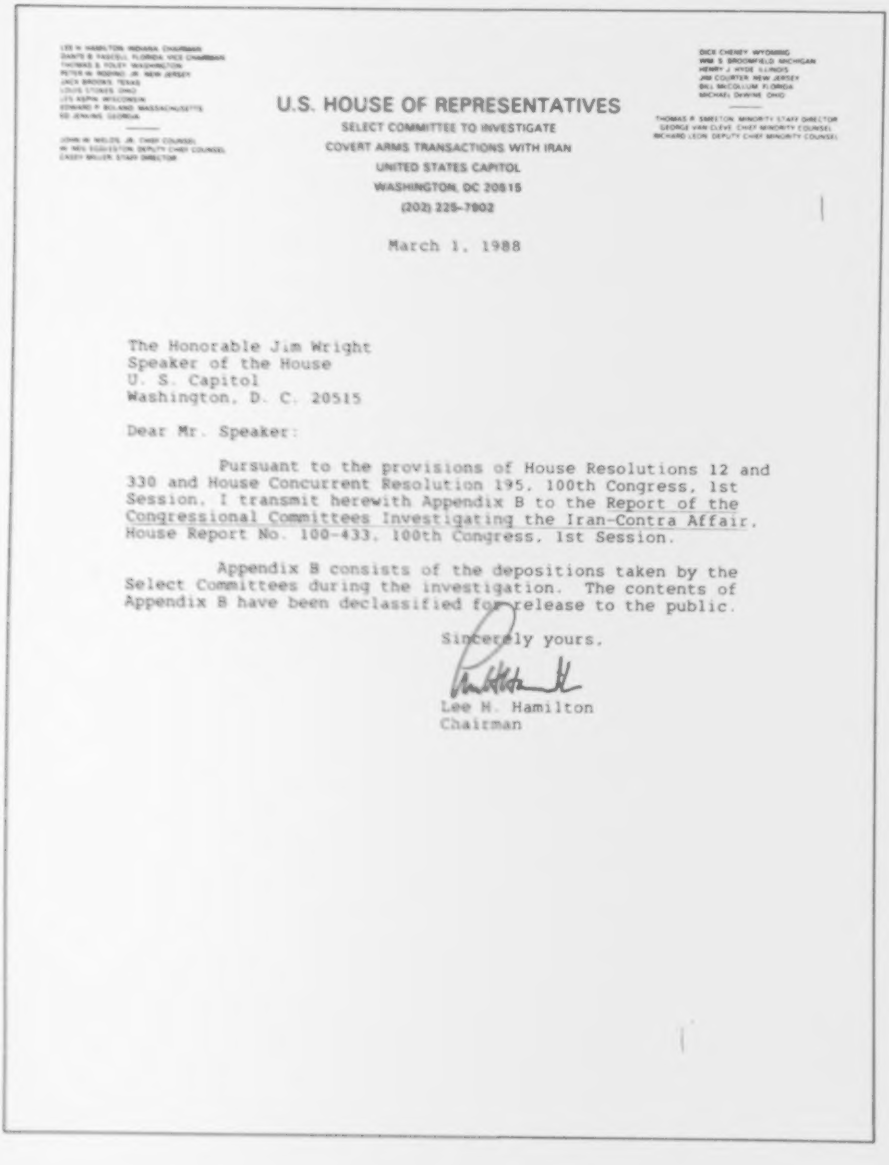
U.S. Senate Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

November 13, 1987.—Committed to the Committee of the Whole House
on the State of the Union and ordered to be printed.
November 17, 1987.—Ordered to be printed.

Washington : 1988

For sale by the Superintendent of Documents, U.S. Government Printing Office
Washington, DC 20402

S963-10
H963-11



LEE H. HAMILTON, INDIANA, CHAIRMAN
DANTE B. FASCELL, FLORIDA, VICE CHAIRMAN
THOMAS S. FOLEY, WASHINGTON
PETER W. RODINO, JR., NEW JERSEY
JACK BROOKS, TEXAS
LOUIS STOKES, OHIO
LES ASPIN, WISCONSIN
EDWARD P. BOLAND, MASSACHUSETTS
ED JENKINS, GEORGIA

JOHN W. NIELDS, JR., CHIEF COUNSEL
W. NEIL EGGLESTON, DEPUTY CHIEF COUNSEL
CASEY MILLER, STAFF DIRECTOR

U.S. HOUSE OF REPRESENTATIVES
SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN
UNITED STATES CAPITOL
WASHINGTON, DC 20515
(202) 225-7902

DICK CHENEY, WYOMING
WM. S. BROOMFIELD, MICHIGAN
HENRY J. HYDE, ILLINOIS
JIM COURTER, NEW JERSEY
BILL McCOLLUM, FLORIDA
MICHAEL DeWINE, OHIO

THOMAS R. SMEETON, MINORITY STAFF DIRECTOR
GEORGE VAN CLEVE, CHIEF MINORITY COUNSEL
RICHARD LEON, DEPUTY CHIEF MINORITY COUNSEL

March 1, 1988

The Honorable Jim Wright
Speaker of the House
U. S. Capitol
Washington, D. C. 20515

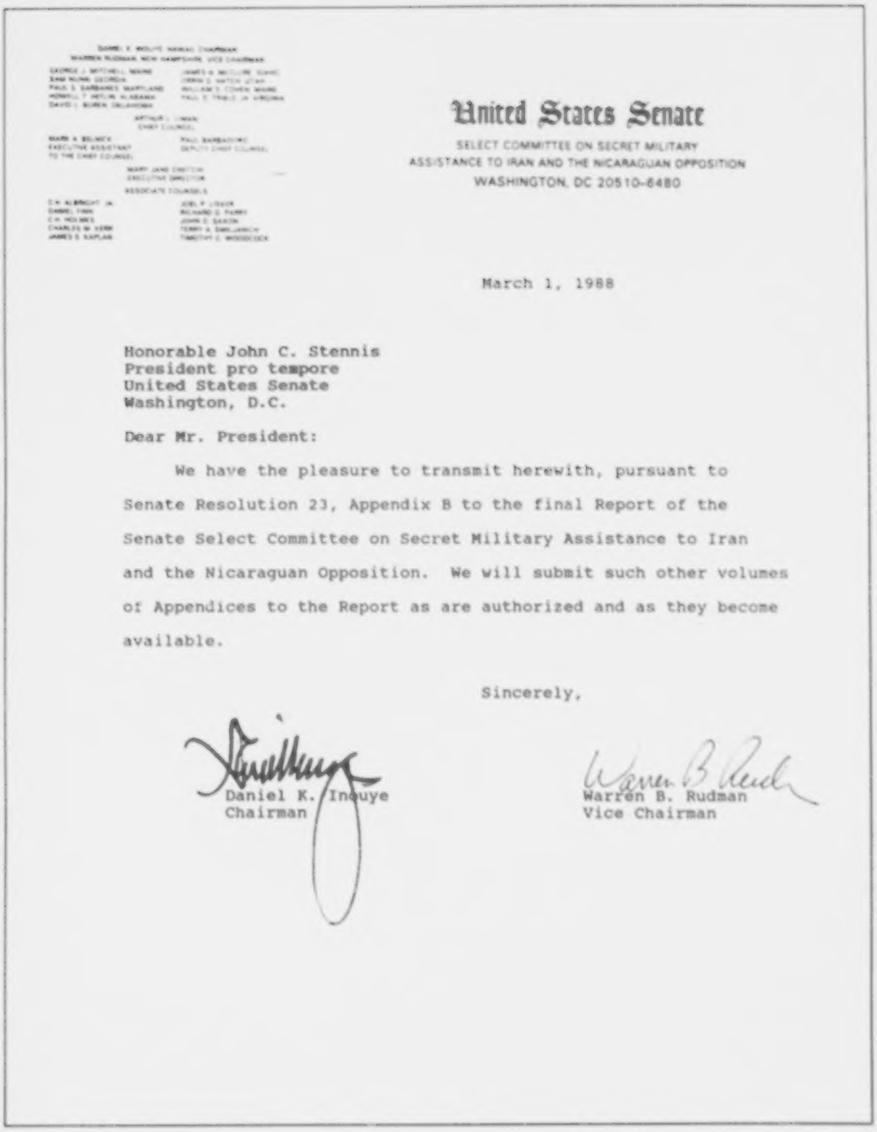
Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix B to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix B consists of the depositions taken by the Select Committees during the investigation. The contents of Appendix B have been declassified for release to the public.

Sincerely yours,

Lee H. Hamilton
Chairman



United States Senate
SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
WASHINGTON, DC 20510-6480

March 1, 1988

Honorable John C. Stennis
President pro tempore
United States Senate
Washington, D.C.

Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix B to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,

Daniel K. Inouye
Chairman

Warren B. Rudman
Vice Chairman

United States House of Representatives

Select Committee to Investigate Covert Arms Transactions with Iran

Lee H. Hamilton, Indiana, *Chairman*
Dante B. Fascell, Florida, *Vice Chairman*

Thomas S. Foley, Washington
Peter W. Rodino, Jr., New Jersey
Jack Brooks, Texas
Louis Stokes, Ohio
Les Aspin, Wisconsin
Edward P. Boland, Massachusetts
Ed Jenkins, Georgia

Dick Cheney, Wyoming, *Ranking Republican*
Wm. S. Broomfield, Michigan
Henry J. Hyde, Illinois
Jim Courter, New Jersey
Bill McCollum, Florida
Michael DeWine, Ohio

John W. Nields, Jr.
Chief Counsel

W. Neil Eggleston
Deputy Chief Counsel

Kevin C. Miller
Staff Director

Thomas R. Smeeton
Minority Staff Director

George W. Van Cleve
Chief Minority Counsel

Richard J. Leon
Deputy Chief Minority Counsel

United States Senate

Select Committee on Secret Military Assistance To Iran and the Nicaraguan Opposition

Daniel K. Inouye, Hawaii, *Chairman*
Warren Rudman, New Hampshire, *Vice Chairman*

George J. Mitchell, Maine
Sam Nunn, Georgia
Paul S. Sarbanes, Maryland
Howell T. Heflin, Alabama
David L. Boren, Oklahoma

James A. McClure, Idaho
Orrin G. Hatch, Utah
William S. Cohen, Maine
Paul S. Trible, Jr., Virginia

Arthur L. Liman
Chief Counsel

Mark A. Belnick
Executive Assistant To the Chief Counsel

Paul Barbadoro
Deputy Chief Counsel

Mary Jane Checchi
Executive Director

Lance I. Morgan
Press Officer

United States House of Representatives

Select Committee to Investigate Covert Arms Transactions with Iran

Majority Staff

John W. Nields, Jr.
Chief Counsel

W. Neil Eggleston
Deputy Chief Counsel

Kevin C. Miller
Staff Director

Special Deputy Chief Counsel	Charles Tiefer
Staff Counsels	Kenneth M. Ballen Patrick J. Carome V. Thomas Fryman, Jr. Pamela J. Naughton Joseph P. Saba
Press Liaison	Robert J. Havel
Chief Clerk	Ellen P. Rayner
Assistant Clerk	Debra M. Cabral
Research Director	Louis Fisher
Research Assistants	Christine C. Birmann Julius M. Genachowski Ruth D. Harvey James E. Rosenthal
Systems Administrator	Catherine L. Zimmer
Systems Programmer/Analysts	Charles G. Ratcliff Stephen M. Rosenthal
Executive Assistant	Elizabeth S. Wright
Staff Assistants	Bonnie J. Brown Christina Kalbouss Sandra L. Koehler Jan L. Suter Katherine E. Urban Kristine Willie Mary K. Yount

Minority Staff

Thomas R. Smeeton
Minority Staff Director

George W. Van Cleve
Chief Minority Counsel

Richard J. Leon
Deputy Chief Minority Counsel

Associate Minority Counsel	Robert W. Genzman
Assistant Minority Counsel	Kenneth R. Buck
Minority Research Director	Bruce E. Fein
Minority Staff Editor/Writer	Michael J. Malbin
Minority Executive Assistant	Molly W. Tully
Minority Staff Assistant	Margaret A. Dillenburg

Committee Staff

Investigators	Robert A. Bermingham James J. Black Thomas N. Ciehanski William A. Davis, III Clark B. Hall Allan E. Hobron Roger L. Kreuzer Donald Remstein Jack W. Taylor Timothy E. Traylor
Director of Security	Bobby E. Pope
Security Officers	Rafael Luna, Jr. Theresa M. Martin Milagros Martinez Clayton C. Miller Angel R. Torres
Editor	Joseph Foote
Deputy Editor	Lisa L. Berger
Associate Editor	Nina Graybill
Production Editor	Mary J. Scroggins
Hearing Editors	David L. White Stephen G. Regan
Printing Clerk	G. R. Beckett

Associate Staff

Representative Hamilton	Michael H. Van Dusen Christopher Kojm
Representative Fascell	R. Spencer Oliver Bert D. Hammond Victor Zangla
Representative Foley	Heather S. Foley Werner W. Brandt
Representative Rodino	M. Elaine Mielke James J. Schweitzer
Representative Brooks	William M. Jones
Representative Stokes	Michael J. O'Neil Richard M. Giza
Representative Aspin	Richard E. Clark Warren L. Nelson
Representative Boland	Michael W. Sheehy
Representative Jenkins	Robert H. Brink
Representative Broomfield	Steven K. Berry David S. Addington
Representative Hyde	Diane S. Dornan
Representative Courter	Dennis E. Teti
Representative McCollum	Tina L. Westby
Representative DeWine	Nicholas P. Wise
General Counsel to the Clerk	Steven R. Ross

United States Senate

Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition

Arthur L. Liman
Chief Counsel

Mark A. Belnick
Executive Assistant to the Chief Counsel

Paul Barbadoro
Deputy Chief Counsel

Mary Jane Checchi
Executive Director

Lance I. Morgan
Press Officer

Associate Counsels

C. H. Albright, Jr.
Daniel Finn
C. H. Holmes
James E. Kaplan
Charles M. Kerr
Joel P. Lisker
W. T. McGough, Jr.
Richard D. Parry
John D. Saxon
Terry A. Smiljanich
Timothy C. Woodcock

Committee Staff

Assistant Counsels	Steven D. Arkin* Isabel K. McGinty John R. Monsky Victoria F. Nourse
Legal Counsel	Philip Bobbitt
Intelligence/Foreign Policy Analysts	Rand H. Fishbein Thomas Polgar
Investigators	Lawrence R. Embrey, Sr. David E. Faulkner Henry J. Flynn
Press Assistant	Samuel Hirsch
General Accounting Office Detailees	John J. Cronin Olga E. Johnson John C. Martin Melinda Suddes* Robert Wagner Louis H. Zanardi
Security Officer	Benjamin C. Marshall
Security Assistants	Georgiana Badovinac David Carty Kim Lasater Scott R. Thompson
Chief Clerk	Judith M. Keating*
Deputy Chief Clerk	Scott R. Ferguson
Staff Assistants	John K. Appleby Ruth Balin Robert E. Esler Ken Foster* Martin H. Garvey Rachel D. Kaganoff* Craig L. Keller Hawley K. Manwarring Stephen G. Miller Jennie L. Pickford* Michael A. Raynor Joseph D. Smallwood* Kristin K. Trenholm Thomas E. Tremble Bruce Vaughn
Administrative Staff	Laura J. Ison Hilary Phillips Winifred A. Williams*
Secretaries	Nancy S. Durflinger Shari D. Jenifer Kathryn A. Momot Cindy Pearson Debra S. Sheffield*
Receptionist	Ramona H. Green
Computer Center Detailee	Preston Sweet

Committee Members' Designated Liaison

Senator Inouye	Peter Simons
Senator Rudman	William V. Cowan Thomas C. Polgar
Senator Mitchell	Richard H. Arenberg
Senator Nunn	Eleanore Hill Jeffrey H. Smith
Senator Sarbanes	Frederick Millhiser
Senator Heflin	Thomas J. Young
Senator Boren	Sven Holmes Blythe Thomas
Senator McClure	Jack Gerard
Senator Hatch	Dee V. Benson James G. Phillips
Senator Cohen	James Dykstra L. Britt Snider
Senator Trible	Richard Cullen

Part Time*

Assistant Counsel	Peter V. Letsou
Hearings Coordinator	Joan M. Ansheles
Staff Assistants	Edward P. Flaherty, Jr. Barbara H. Hummell
Interns	David G. Wiencek Nona Balaban Edward E. Eldridge, III Elizabeth J. Glennie Stephen A. Higginson Laura T. Kunian Julia F. Kogan Catherine L. Udell
Document Analyst	Lyndal L. Shaneyfelt
Historian	Edward L. Keenan
Volunteers	Lewis Liman Catherine Roe Susan Walsh

*The staff member was not with the Select Committee when the Report was filed but had, during the life of the Committee, provided services.

Contents

Volume 8

Preface XXI
Crawford, Susan 1
Crowe, Adm. William J 121
Currier, Kevin W 193
DCM, Country 15 267
DEA Agent 1 311
DEA Agent 2 637
DEA Agent 3 905
deGraffenreid, Kenneth 979
de la Torre, Hugo 1037
Deputy Chief "DC" 1055

Depositions

Volume 1

Airline Proprietary Project Officer.
Alvarez, Francisco J.
Allen, Charles.
Arcos, Cresencio.

Volume 2

Armitage, Richard.
Artiano, Martin L.
Associate DDO (CIA).
Baker, James A., III.
Barbules, Lt. Gen. Peter.
Barnett, Ana.
Bartlett, Linda June.
Bastian, James H.
Brady, Nicholas F.
Brown, Arthur E., Jr.

Volume 3

Byrne, Phyllis M.
Calero, Adolfo.
Castillo, Tomas ("W").
Cave, George W.
C/CATF.

Volume 4

Channell, Carl R.
Chapman, John R. (With Billy Ray Reyer).
Chatham, Benjamin P.
CIA Air Branch Chief.
CIA Air Branch Deputy Chief.
CIA Air Branch Subordinate.
CIA Chief.
CIA Communicator.
CIA Identity "A".

Volume 5

CIA Officer.
Clagett, C. Thomas, Jr.
Clark, Alfred (With Gregory Zink).
Clarke, George.
Clarridge, Dewey R.
Cline, Ray S.
C/NE.
Cohen, Harold G.

Volume 6

Collier, George E.
Cole, Gary.
Communications Officer Headquarters, CIA.
Conrad, Daniel L.

Volume 7

Cooper, Charles J.
Coors, Joseph.
Corbin, Joan.
Corr, Edwin G.
Coward, John C.
Coy, Craig P.
Crawford, Iain T.R.

Volume 8

Crawford, Susan.
Crowe, Adm. William J.
Currier, Kevin W.
DCM, Country 15.
DEA Agent 1.
DEA Agent 2.
DEA Agent 3.
deGraffenreid, Kenneth.
de la Torre, Hugo.
Deputy Chief "DC".

Volume 9

Deumling, Robert W.
DIA Major.
Dietel, J. Edwin.
Dowling, Father Thomas.
Dutton, Robert C.
Earl, Robert.

Volume 10

Farber, Jacob.
Feldman, Jeffrey.
Fischer, David C.
Floor, Emanuel A.
Former CIA Officer.
Fraser, Donald.
Fraser, Edie.
Fuller, Craig L.

Volume 11

Furmark, Roy.
Gadd, Richard.
Gaffney, Henry.
Gaffney, Henry (With Glenn A. Rudd).
Galvin, Gen. John R.
Gantt, Florence.
Garwood, Ellen Clayton.
Gast, Lt. Gen. Philip C.
Gates, Robert M.
Glanz, Anne.

Volume 12

George, Clair.
Godard, Ronald D.
Godson, Roy S.
Golden, William.
Gomez, Francis D.
Goodman, Adam.
Gorman, Paul F.
Graham, Daniel O.
Gregg, Donald P.
Gregorie, Richard D.
Guillen, Adriana.

Volume 13

Hakim, Albert.

Volume 14

Hall, Wilma.
Hasenfus, Eugene.
Hirtle, Jonathan J.
Hooper, Bruce.

Hunt, Nelson Bunker.
Ikle, Fred C.
Jensen, D. Lowell.
Juchniewicz, Edward S.
Kagan, Robert W.
Keel, Alton G.
Kellner, Leon B.
Kelly, John H.
Kiszynski, George.

Volume 15

Koch, Noel C.
Kuykendall, Dan H.
Langton, William G.
Lawn, John C.
Leachman, Chris J., Jr.
Ledeen, Michael A.

Volume 16

Leiwant, David O.
Lilac, Robert H.
Lincoln, Col. James B.
Littledale, Krishna S.
McDonald, John William.
McFarlane, Robert C.
McKay, Lt. Col. John C.
McLaughlin, Jane E.

Volume 17

McMahon, John N.
McMahon, Stephen.
McNeil, Frank.
Makowka, Bernard.
Marostica, Don.
Marsh, John.
Mason, Robert H.

Volume 18

Meese, Edwin III.
Melton, Richard H.
Merchant, Brian T.
Meo, Philip H.
Miller, Arthur J.
Miller, Henry S.
Miller, Johnathan.

Volume 19

Miller, Richard R.

Volume 20

Motley, Langhorne A.
Mulligan, David P.
Nagy, Alex G.
Napier, Shirley A.
Newington, Barbara.
North, Oliver L.
O'Boyle, William B.
Osborne, Duncan.
Owen, Robert W.
Pena, Richard.
Pickering, Thomas.
Poindexter, John M.

Volume 21

Posey, Thomas V.
Powell, Gen. Colin L.
Price, Charles H., II.
Proprietary Manager.
Proprietary Pilot.
Radzimski, James R.
Ramsey, John W.
Ransom, David M.

Volume 22

Raymond, Walter, Jr.
Regan, Donald T.
Reich, Otto J.
Revell, Oliver B.
Reyer, Billy Ray (See John Chapman).
Reynolds, William B.

Volume 23

Richard, Mark M.
Richardson, John, Jr.
Robelo, Alfonso.
Robinette, Glenn A.
Rodriguez, Felix I.
Roseman, David.

Rosenblatt, William.
Royer, Larry.
Rudd, Glenn A.
Rudd, Glenn A. (See Henry Gaffney).

Volume 24

Rugg, John J.
Russo, Vincent M.
Sanchez, Nestor.
Scharf, Lawrence.
Schweitzer, Robert L.
Sciaroni, Bretton G.
Secord, Richard V.

Volume 25

Shackley, Theodore G.
Sigur, Gaston J.
Simpson, Major C.
Sinclair, Thomas C.
Singlaub, John K.

Volume 26

Slease, Clyde H., III.
Smith, Clifton.
Sofaer, Abraham D.
Steele, Col. James J.
Taft, William H., IV.
Tashiro, Jack T.
Teicher, Howard.
Thompson, Paul.
Tillman, Jacqueline.

Volume 27

Thurman, Gen. Maxwell.
Trott, Stephen S.
Tull, James L.
Vessey, John.
Walker, William G.
Watson, Samuel J., III.
Weinberger, Caspar.
Weld, William.
Wickham, John.
Zink, Gregory (See Alfred Clark).

Preface

The House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape-recorded and later transcribed and duly authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or "use" immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses—or leads or collateral evidence based on those responses—could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In these *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits—documentary evidence—were developed by Select Committees' staff in the course of the Select Committees' investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original exhibits are stored with the rest of the Select Committees' documents with the National Archives and Records Administration and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions* appendix, totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

Publications of the House and Senate Select Committees

Report of the Congressional Committees Investigating the Iran-Contra Affair, 1 volume, 1987.

Appendix A: *Source Documents,* 2 volumes, 1988.
Appendix B: *Depositions,* 27 volumes, 1988.
Appendix C: *Chronology of Events,* 1 volume, 1988.

All publications of the Select Committees are available from the U.S. Government Printing Office.

TOP SECRET

UNCLASSIFIED

ASITS-0091

STEIN/bap

DEPOSITION OF SUSAN CRAWFORD

Monday, June 15, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

The Committee met, pursuant to call, at 1:20 p.m. in Room B-352, Rayburn House Office Building, with Joseph Saba, House Select Committee, presiding.

Present: On behalf of House Select Committee: Joseph Saba, Roger Kreuzer, and Robert Genzman.

Also Present: Robert J. Winchester, Special Assistant to the Secretary of the Army for Legislative Affairs; John Wallace, DOA.

4049

Copy 3A of 3

Partially Declassified/Released on DEC 2, 1987
under provisions of E.O. 12356
by D. Sirko, National Security Council

UNCLASSIFIED

TOP SECRET

UNCLASSIFIED

TOP SECRET

Whereupon,

SUSAN CRAWFORD

having been first duly sworn, was called as a witness herein, and was examined and testified as follows:

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. SABA:

Q Ms. Crawford, for the record, could you please state your full name and give us background as to your present duties, when you came to your present station and a little bit of an explanation about the [redacted] system?

A My name is Susan Crawford. I am the General Counsel for the Department of Army and have been General Counsel since September of 1983.

For two years prior to that, from September '81 to '83, I was the principal Deputy General Counsel for the Department of Army. I report directly to the Secretary of the Army, Jack Marsh. When I was the Deputy, I reported to the then General Counsel, and of course the office reported to the Secretary of the Army.

In the fall of '84, largely in regard to a number of systemic problems that had been uncovered as a result of the so-called Yellow Fruit investigation, the Army established a new office [redacted] The

Partially Declassified/Released on DEC 2 1987 under provisions of E.O. 12356 by D. Sirko, National Security Council

UNCLASSIFIED

TOP SECRET

purpose of that office was to get centralized control of all classified programs both in the procurement and special projects special support to other agencies, as well as all special access programs that the Army would deal in.

The office worked directly under the Vice Chief of Staff of the Army, and is the central clearinghouse for Army support to other agencies that would be in the sensitive or classified arena. This office establishes a paper flow, a trail, an audit of requests coming through the Army through the [redacted]

This office contains [redacted] people, including an Army Judge Advocate, an Army lawyer, and they work up the paper that becomes the request that flows through the Army leadership and basically from the [redacted] the action, the request for Army support would go to the Judge Advocate General, the legal member of the Army staff, to the Vice Chief of Staff and the Chief of Staff, and then come to Secretary, the civilian leadership, which includes my office, before it finally goes to the Office of the Secretary of the Army.

So we have basically three legal reviews along the way, the initial one [redacted] by an Army General Advocate, a review by the Office of the Judge Advocate General as the action goes to the Army staff, and when it comes to the Secretariat, it comes to my office, and I personally review the actions as they come through.

I have an attorney in my office assigned to be the action officer who would first review the action, and then bring it to me with his recommendations, and we would then review it together, and then it would go on to the Secretary of the Army. This is our normal [redacted] procedure in the headquarters of the Department of the Army and to the best of my knowledge until the TOW missile incident arose in January '86, I was not aware of any actions that had been outside of this [redacted] system or outside of this process.

Q If you would, could you explain for us how the [redacted] would work if, for example, in early January '86 a request from the CIA for support were to come to the Army? What type of paper would normally be generated by the agency in its request, and if you could briefly walk us through the movement of that paper to the point where the agency would receive the equipment, let's just call it the equipment requested.

A To the extent that I am knowledgeable, at some point along the way my involvement either hasn't begun yet or has ceased to exist --

Q If you could also recall not only the titles of the persons to whom it would go, but if you could at that time, January '86, mention for us the names of the persons to whom it would go.

A We are talking about requests here as they come in. That is an important distinction, because looking at the TOW transfer and later the Hawks that was not a request coming through the system, that was an order to execute.

Q Let's take the pre January 15th --

A The normal type of action.

Q Let's assume for the sake of our example January 6, 1986, we don't know anything about what is going to happen and it is what you might view as a routine request for equipment from the agency.

I would like you to explain to us how that would enter the system and how it would be processed.

A It would come to the Army from the JCS. The agency would send the request to the joint staff, the joint staff would then take it to the Army, and I assume to the other services, although I can't speak to them [redacted]

Q So the JCS would receive the paper from the agency and one of the members of the JCS would then take it [redacted]

A They would have a [redacted]

Q Who was the person at that time who headed it up?

A In the JCS I do not know. In the Army in January of '86 it would have been [redacted]

Q So the request would go to the JCS and they would refer to [redacted]

A I don't think they call [redacted] I don't know what they would call it. [redacted] office is how we refer to it.

Q All right.

A In the Army's [redacted] would then be a piece of paper that would describe what it is that is being requested with specificity, what type of equipment and the quantity of the equipment. If a presidential finding, for example, were involved, the request would reference that this is in support of a presidential finding on whatever country it may be, or whatever year of the finding, perhaps a month of the finding.

Q Typically would the existence of a presidential finding be known?

A The existence of a presidential finding would be known. The Army, until recently, has not been permitted to review presidential findings. That has been a very recent development, and in the Army only the Secretary and I are authorized to review presidential findings.

So in January of '86, no one in the Army would have be authorized to review a presidential finding. However, we would have known that one existed, there would be a reference to it, specific finding and the date of the finding.

Of course, not all requests would reference a presidential finding. Some requests would be simply to replenish stocks of the agency and if that were the case, the request would then say so. [redacted]

We have a master data list called the Army Master Data File, the famous AMDAF, and that generally has a price listing for goods, for items of equipment, and I understand that we follow that in most cases. But those sorts of details would be worked out [redacted]

[redacted] then the paper, the action would start its flow through the Army leadership and going first, as I described earlier, through the Office of the Judge Advocate General, and then to -- the Judge Advocate General in January '86 was and still is today, General Hugh Overholdt.

There might be another Army staff office that would be involved depending on the nature of the request. It could be the Office of the Deputy Chief of Staff for logistics if it were an equipment issue or an intelligence issue -- in January of '86 that was General Ben Register, General Russo was his deputy.

If it were an intelligence-related issue, the matter would go through the Office of the Deputy Chief of Staff for Intelligence. At that time, the Assistant Chief of Staff for Intelligence, the ACSI, that is General Tom Weinstein, and it was in January '86 as well. It may be an operational issue which would take it through the Office of the Deputy Chief of Staff for operations, January of '86, Colonel Vuono, soon to become the Chief of Staff.

And then it would, of course, come through the Vice Chief of Staff, General Max Thurman, to the Chief of Staff, John Wickham, to complete. It would not go through all of those Army -- each action would not go through all those staff offices.

It would depend upon the nature of the request, but any one of those could be a stop along the way. The Judge Advocate General is always a stop along the way as is the Chief of Staff of the Army.

Q What would be the review that the Judge Advocate General would do?

A Very similar to the review in my office, and that would be one for making sure there was an underlying authority for the transfer, reviewing the terms of reference to make sure that they were adequate, reviewing -- of course making sure that if it were a transfer of equipment that the Economy Act would be used.

If there were any restrictions on funding, restrictions on activities, congressional restrictions, statutory restrictions, we would look to review those as well in addition to any regulatory restrictions that may be there. There are some activities that the Secretary --

Q Would this include congressional notification requirements, if any?

A Yes. Normally, the Army has included that almost as boiler plate in the terms of reference from the very early days of [redacted] we have insisted upon the user notifying Congress. So that is -- that is just a given from the Army -- as one of the Army's conditions.

Q So normally it would be correct to say the process provides that the Judge Advocate General would be the first legal review and among his reviews would be questions as to Congressional notification?

A Actually, the first legal review would be done by the [redacted] office. There is [redacted] independent of the Judge Advocate General [redacted] just to assist in the write-ups.

That is an early legal review, but that is not a substitute for the Judge Advocate General reviewing it.

Q Does the Judge Advocate General himself usually give an opinion on these matters?

A Normally, it is a concurrence, sometimes with a caveat here or there. Now that the general counsel is permitted to review the presidential findings, the Judge Advocate will concur subject to general counsel review of the presidential finding.

Q What other legal reviews might have been involved in early '86 in addition to the Judge Advocate General's review and a review of [redacted]

A A review done by the General Counsel's office in my office. Once the action leaves the Chief of Staff of the Army, it then leaves what we call the Army staff, the uniformed leadership of the Army, comes over to the civilian leadership side, which generally is the Secretary of the Army, sometimes the Under Secretary of the Army, depending upon the nature of the request, and always the General Counsel of the Army.

So it would come to my office before it would go to the Secretary or to the Under Secretary for final approval.

Q And what would you be reviewing the matter for?

A Basically, the same items that I outlined that the Judge Advocate General would look to. I perhaps carry it one step further in that although my responsibilities are not in the policy area in many of these activities, if I see something that just doesn't sound right or perhaps look dumb -- I call it the "Suzie from Pittsburgh test." Something doesn't strike me right, I will raise it in my office to see if we should raise it with the Secretary.

I don't substitute my judgment for that DCS/OPS in an operational matter, or the ACSI in an intelligence matter, but give it a litmus test there as to whether or not the Army is doing a smart thing.

Q And your opinion would go to the Secretary of the

Army?

A Yes. From time to time I have put my opinion in a memorandum going to the Secretary. None of the legal reviews work in a vacuum, however. When the action [redacted] [redacted] if the lawyer [redacted] has a problem with it, he will call upon the lawyer in the Office of the Judge Advocate General, as well as in my office and try to work that out before it goes through the formal staffing process. So we are not working independent of one another, but working together to prevent problems from arising.

Q Would there be other legal reviews of a request.

A In the Army there would not be. I can't speak to what would be outside of the Army. I know that the Office of the General Counsel of the Department of Defense occasionally gets involved. Maybe there is a review at the JCS level as well, and I don't know what review the agency or CIA or requesting agency might do. But in the Army, those would be the three principal legal reviews.

Q As of January '86 prior to the 17th of January that year, had there been requests received from other agencies which were reviewed by the [redacted] system?

A Had requests for support from other agencies come through our [redacted] system?

Q Yes.

A Yes.

Q So that the system had been used --

A Yes.

Q You and others were familiar with the system and prepared to implement it should the requirement arise?

A Yes, it had been used and is still being used as we speak, I'm sure.

Q I would like to turn to the events of February 1986 in connection with the provision of TOWs to the CIA, and I would ask you to explain to us in your own words how you first came to know of the matter, with whom you met and if you would explain to us the events which led to your writing the memo-- your memo of 13 February 1986, which we will enter as Exhibit 1.

(The document referred to was marked as Exhibit 1 for identification.)

BY MR. SABA:

Q In your narrative, please work up to the memo rather than backwards from it.

A Sometime in late January or early February of 1986 the attorney in my office whom I have described as the action attorney on requests for support that would come through the [redacted] system, his name is Tom Taylor-- came to me and brought with him an Army major by the name of Chris Simpson. Chris Simpson was described to me by Tom as a DCS/LOG action officer, Deputy Chief of Staff for Logistics, someone ~~which~~ with whom Tom had worked on a variety of [redacted] Tom said that Chris had a particular action that he was working that sounded a little curious, and he thought I should know about it.

Tom and Chris came into my office and closed the door and Chris described to me what I learned he had previously described to Tom Taylor; that the Army was about to transfer something like a Stinger missile. We were not told, Tom Taylor and I, what it was specifically, but it was something like a Stinger missile.

He couldn't tell us how many and therefore he couldn't tell us how much it cost, what the transfer would be, nor could he tell us where it was going, but he wanted a legal review. Obviously, we advised Major Simpson --

Q Standard form.

A That we could not give him a complete legal review. He was very respectful. He did not just come in demanding a legal review, but that we could not give him a complete legal review without more information. We did establish the transfer should be done pursuant to the Economy Act on a reimbursable basis, but beyond that we couldn't comment further because we didn't have enough facts on which to operate.

It was obvious to me at that meeting that Major

Simpson was very nervous. I don't recall if he said so at that meeting or if Tom Taylor told me afterwards. I think it came up during the meeting, but Major Simpson had been instructed that he wasn't to talk to anybody about this action.

Q Did he indicate who instructed him as to that matter?

A As I recall, it would have been his superior, General Russo, and he may have indicated that General Russo was under the same sort of admonitions, but that it was highly sensitive. There was to be no paperwork on the activity. It had already received a legal review at the highest levels of government without being specifc as to what those levels were.

DOTSON/bap
1:45

Q So he didn't indicate anything other than the highest levels of government?

A That is right.

Q He didn't tell you who else had reviewed it?

A No.

Q Did he mention any statutes or particular laws or particular concerns?

A No. In fact, I am not even sure he knew who would have reviewed it at the highest levels of government.

Q He had the impression somewhere there had been a review at a high level of government?

A Yes. And he was, as I said, nervous because I think he realized that he was probably going against orders not to discuss it. But, being the good action officer that he was, he wanted as complete a staffing as he could get.

During that meeting, I remember asking him does the Secretary of the Army know about this? He did not know. He did not know whether or not Secretary Marsh knew about it. And I, out loud, in thinking and talking with Tom Taylor, said perhaps we need to alert the Secretary to make sure he knows about it, at the same time protect Major Simpson from coming forward and speaking to us.

I thought it was good he had done what he had done, but I did not want to expose him to any difficulties, which is why the memo that Leonard wrote to the Secretary was somewhat subtle in terms of what the issue was. I am not sure it could have been more specific, not knowing more facts.

Q I take it you are referring to --

A The 13 February memo.

Following our meeting with Major Simpson --

Q Do you recall the date of that meeting?

A It would have been prior to the 13 February memo quite clearly. It could have been some time in the first week of February. I do not recall the date, to answer your question specifically. Early February of 1986 is as best I recall. I kept no records of that meeting.

Prior to me sending the memo to the Secretary of the Army on 13 February, I do know that Tom Taylor was called to Vince Russo's office, General Russo's office, to discuss the same matter we discussed with Chris Simpson. We had talked about the issue of congressional notification with Major Simpson in addition to wanting to let the Secretary of the Army know about the transfer. Congressmen to be notified was something that came up.

Major Simpson could not answer either of those questions. I was not present at the meeting with Tom Taylor and General Russo. I believe Tom Taylor has been interviewed by the committee, and has talked about that. That precipitated --

Q I take it Mr. Taylor returned from the meeting and reported to you.

A Yes. That he had been --

Q What did he report to you?

A He reported to me that he had discussed further the matter that he and I discussed with Major Simpson with General Russo and that he basically told General Russo what we had told Major Simpson and that is without more facts we cannot give you a complete legal review.

Q Did he say why General Russo had called him in?

A He did not know specifically why. He and I surmised-- we speculated, perhaps, Major Simpson, and this is only our guess. I don't know. Perhaps Major Simpson was nervous that he had come to us and thought he had better report it to General Russo. Otherwise General Russo might find out about the it otherwise. That is the only explanation.

Q But the request for Russo to Taylor came about, as you understand it, to discuss this particular provision of TOWs. It was not some other matter?

A Yes, TOWs, as we found out later. Something like a Stinger is what -- something like a Stinger missile.

Q What did Mr. Taylor tell you about that meeting?

A He said that he discussed the issue of congressional notification with General Russo, and also the provision of the fiscal year 1986 Intelligence Authorization Act, which was the subject of that 13 February memo. But again, as I said earlier, he could not give General Russo a complete legal review.

Q Had General Russo asked for that?

A General Russo had not asked for that. General Russo had not asked for that. I know that it is -- that at some point there was a meeting in my office with Tom Taylor and General Russo and Major General Bill Suter. Bill Suter is the Assistant Judge Advocate General. General Overholdt was out of town when this happened. I believe he was in the Far East, and General Suter was the acting

Judge Advocate General, I think, as it is officially called. So my dealings with the Office of the Judge Advocate General on this matter were at that time with General Suter.

Q I take it this meeting was prior to the 13th?

A I do not recall whether or not it was prior to the 13th. I see that General Russo has a little note here on the bottom of the memo dated 13 February that we had discussed a date, and it could well have been that very same day.

Q I take it in looking at Exhibit 1 and the hand-written note on the bottom, you recognize that to be General Russo's note.

A Yes. I have no reason to think that it is not. I believe that would be General Russo's note.

Q Do you recall did you provide this memo to General Russo on that day in the meeting?

A I do not recall. Obviously I did provide him a copy when I sent it to the Secretary, but I don't -- we may have met-- discussed the issue. Then I sent the memo and then sent him a copy of it. It could have been that way. I just don't recall.

Q Could you tell us about those discussions?

A Well, we generally discussed the issue of congressional notification and the requirement to notify

Congress if it should fall within the provisions of the fiscal year '86 Intelligence Authorization Act. General Russo wanted to know whose responsibility it was to notify Congress, and I advised him that it has been the position of the Office of the Secretary of Defense that the user agency bears the ultimate responsibility for congressional notification; not the supplying agency.

Q Just so we understand the context of this conversation, had General Russo informed you in this meeting of the details of the transaction?

A No. I learned the details of the transaction in November like everybody else. November of 1986.

Q Correct me if I am wrong, the conversation essentially between General Russo and the attorneys involved is somewhat abstract in the sense that TOWs were not mentioned.

A That is correct.

Q The agency was not mentioned.

A I believe we knew the agency was the requestor.

Q We knew the materials were to go to another United States Government agency, the CIA.

A Which is why the Economy Act was the governing legal provision.

Q Did you know the weapons were intended for another country, or another purchaser?

A We did not know that. I surmised they were probably going somewhere outside the United States, although from time to time we do replenish [redacted] Although with all the secret activities surrounding this, I didn't think this would be a normal replenishment action.

Q Did General Russo tell you for whom the missiles were intended?

A No, he did not. To the best of my knowledge, he did not know.

Q Was the meeting at his initiative or your own?

A I believe it was his.

Q And why did he think, there might be a congressional notification problem?

A Well, he would be the best one to answer that. I really could not answer that for him. But the issue had been raised by my office to Major Simpson and surmised back to General Russo.

Q Was the fiscal year '86 Intelligence Authorization Act discussed at this meeting?

A Yes.

Q Could you tell us to your recollection what that discussion was?

A Simply it was Tom Taylor and I informed General Russo of the provision and of the congressional notification requirement of that provision just to -- I believe that he ha more facts than I did as to type of missile and quantity and cost and would be able to tell from me pointing out the provision to him whether or not we were in harm's way.

Q At that time, do you recall what you informed General Russo the requirements of that Act were or what you thought they were at that time?

A I described for him what the Act-- what my understanding of the Act was as I put in the memo to the Secretary.

Q I am interested in what your understanding of Act was at the time.

A My understanding-- and I have later learned my understanding was perhaps not correct. My understanding was that if the articles in the aggregate exceeded $1 million that there was a notification requirement. It has later been pointed out to me that perhaps I should have viewed it as individual items costing a million dollars each.

Q But at the time you thought --

A It was in the aggregate.

Q -- a request for items which aggregate $1 million or more required congressional notification?

A That is correct.

Q And your understanding was who would bear the burden of the notification?

A The agent -- in this particular action it would be the CIA.

Q Just so the record is clear, because there is some confusion on the matter, your understanding was that if there were $1,500,000 worth of bullets requested, that would trigger the notification requirement?

A Yes.

Q That it would not be necessary that there be a single item costing $1 million; is that correct?

A That was my understanding at the time.

Q And that is what was conveyed to General Russo.

A Yes.

Q Did he have any response to that opinion?

A I do not recall that he did specifically other than asking whose responsibility, who bears the responsibility of notifying Congress.

Q And do you recall conveying your memo of 13 February '86, Exhibit 1, to the Secretary, to Secretary Marsh?

A Yes. I sent it to the Secretary of the Army. As I mentioned earlier, I did not -- one of my chief concerns was is the Secretary informed-- does he know of this transfer. I harken back to the days before [redacted] [redacted] the Army was, as we learned, supplying equipment to other agencies without the knowledge of the senior civilian leadership and sometimes without the knowledge of the senior military leadership, and so one of my principal concerns was whether or not Secretary Marsh was personally informed.

Q At this point I will interrupt for a moment -- in your meeting with General Russo, did he refer to the transaction as a requirement or a request?

A I do not recall what specific language he used. It was pretty clear to me by the unusual nature of the action that the Army was, that the equipment need had been ~~execute~~ acute. Send these, whatever they were, how ever many of them there were, to the CIA.

That had come from the Office of the Secretary of Defense directly to the Army and we were marching out to execute.

Q Also --

A But I don't recall -- to answer your question, I don't recall what specific description General Russo put on the transaction. That is what was in my mind.

Q So you then gave the memo to Secretary Marsh because you were concerned he may not be informed.

A Yes.

Q And how did Secretary Marsh receive the memo?

A I received it back with a note from him across the top that said, "What's the next step," which caused me to schedule a meeting with the Secretary, which I believe was held on the 24th of February, as I recall. It was Monday afternoon, which I believe was the 24th, on or about the 24th of February.

Q Do you recall who was present?

A Yes, I do. General Bill Suter, the acting Judge Advocate General and myself. Of couse the Secretary was there [redacted] I believe that Brigadier General Carmen Cavezza, C-A-V-E-Z-Z-A, who was the executive to theSecretary of the Army was present, and General Russo was also present.

As I recall, we started the meeting without General Russo, and they asked us to find General Russo and have him join us.

At that meeting, again, the type of missile, to the best of my recollection, was not discussed, the quantity and the price were not discussed.

Q Destination?

A Destination was never discussed. And the Secretary had been aware, but not with any specificity, as to what the action was. He had been informed. I don't know by whom. This request had come to the Army. But it was clear to me when we started the meeting he was searching his own mind to recall what the activity was.

Q Did he ask where the orders or where the line of direction had been?

A I believe he did, because we discussed Colin Powell, General Colin Powell, Colin Powell's involvement and the fact General Russo had been dealing directly with Colin Powell without paper work, just verbally dealing with him.

The Secretary told General Russo to do two things. He told him to make a memorandum for the record, a memcom, as the Secretary calls them, of the matter so that there would be a record, and secondly, to raise the issue of congressional notification with General Powell.

Q And those were instructions to General Russo.

A To General Russo.

Q And General Russo's response?

A That he would do so; that he would do so.

Q Do you know if in fact General Russo did so? Did he report back?

A He did not report back to me at that time. I found out some months later that he had done so. Of course he had no reason to report back to me. The Secretary asked him to do it, and he said he would do so, so I assumed that was --

Q We will return to that in a moment. Did

Secretary Marsh ask further details about the transaction during that meeting?

A Not during that meeting. Not that I can recall.

Q Do you recall any other subject other than congressional notification arising in that meeting?

A I think I probably kicked off the meeting by raising the issue of what I called an off-line action that was not within the [redacted] process.

Q What was the nature of that?

A Just that I had become aware that there was this action in the Army for us to handle a number of missiles without knowing what kind of missile and that it concerned me. I wanted to be sure that he was aware of it and that all the legal bases and other bases the Army could touch at least had been considered by the Army.

Q Would it be correct to state that you were concerned about this off-line transaction?

A I was concerned -- yes, that is correct. The Army, as I described for you earlier, in earlier days did not have control; senior leadership did not have control of these types of actions, and that is why [redacted] was established, to get control so that the Army would not be an open conduit in terms of supplying other agencies. Not that we were an open conduit, but there were some activities that would usually not be going on.

Q Would it be fair to state you were suggesting to the Secretary of the Army the [redacted] system would be bypassed in this particular case?

A I told him it was my understanding the normal process had not been invoked in this case; that is correct.

Now, I did not say to him I thought it should have been. I can accept the fact there may be activities that are so sensitive that normal procedures would be bypassed. But my concern was does the Secretary himself know what is going on. He makes the decision.

If senior leadership makes the decision to bypass it, I can accept it. But I wanted to be sure he knew about it.

Q Were there any other subjects discussed at the meeting.

A No. The purpose was to discuss this subject.

Q Just so we are clear, other than requesting the memcon of the matter and requesting General Russo to raise the issue of congressional notification with General Powell, did Secretary Marsh request any further action?

A Not that I can recall.

Q Did General Russo, to your knowledge, provide any indication that in fact he had created that memo or had reported to General Powell to you, to your knowledge or to Secretary Marsh?

A He did not report that to me. I believe he reported back to the Secretary of the Army, perhaps, through the Director of the Army staff.

Q I would like to show you a set of documents which we will mark Exhibit 2. You may not have seen them before. I will provide them to you and give you a moment to look at them.

(The documents referred to, were marked as Exhibit 2 for identification.)

THE WITNESS: I am ready when you are.

BY MR. SABA:

Q Have you ever seen any one of these three documents before?

A Yes. I have seen all three of these documents. I believe they came to my attention within the last six weeks. We had searched for the third document here, the March '86 memo from General Arthur Brown to Colin Powell. We had searched for that in early November or mid November of 1986 when the matter first became one of public concern.

In fact, I sat with General Brown in his office. He thought he had sent a memo to Colin Powell, but no one could find it because he hadn't kept a copy of it. I remember going through his note books with him as to dates following the meeting with the Secretary and he was thinking in his own mind, "Did I really write one or did I walk up and tell him? I think I wrote a memo." But we couldn't find it.

So this is finally surfaced I think about a month to six weeks ago.

Q For the sake of clarity, do you know how the request from Secretary Marsh to General Russo may have channeled its way through General Brown? Would that have been a normal channel?

A Yes, it could well have been normal, although I don't have any specific knowledge. It is not at all unusual for the Secretary of the Army to call upon General Brown on matters such as this on any other matters.

Director Brown's position is one of interface not only with the military, but sometimes outside the Army as well [redacted]

Q Did you have any occasion between the time you first learned of this matter in early February until the time of General Brown's memo to discuss the matter with General Brown?

A To the best of my knowledge, I never discussed it with him during that time frame. General Brown thought when he and I were searching his files, he thought perhaps he had -- asked General Suter, Bill Suter, to draft the memo for him. I don't know whether -- Bill Suter had no recollection of drafting the memo.

Q Directing your attention to the document dated 12 March 1986, **marked with** a Senate stamp Number N-9899, a memo for Vice Admiral Poindexter and signed by General Powell, had you seen this document contemporaneously with its execution or before theee weeks ago?

A I did not see it contemporaneous with its execution. I saw it at the same time that I saw the earlier memo I described from General Brown to General Powell. I saw all three of these at the same time as a package, which would have been the last month to six weeks, whenever it was discovered.

Q But not in 1986.

A No. Apparently the Army did not keep a copy of the General Brown memo, and I think we got it through the FBI or independent counsel or whatever channels. Maybe I shouldn't have said that on the record.

Q After having had a chance to review this, would it comport with what your memory was at the time it was executed?

A My understanding of the Secretary's concern, the issue of congressional notification be raised?

Q Yes. Specifically, I refer to the second sentence, which I believe refers to your views at the time. I am asking whether or not that sentence is an accurate reflection of your views at the time.

A Yes, it is an accurate reflection of my views at the time.

Q And it was correct that your understanding was that the Army did not have responsibility for congressional notification?

A That is correct. It has been the OSD position that it is the receiver. That is not to say I don't think the Army had responsibility to raise the issue.

As I said earlier, they practically make that boiler plate in their terms of reference.

Q At the time General Powell wrote this memo, or shortly before, but after February 13, 1986, were you asked to provide any additional legal memo on the fiscal year '86 Intelligence Authorization Act or any other statute that might have governed this transaction?

A No, I was not.

Q Did there come to your attention any other legal memorandum prepared by the Department of the Army or any other U.S. Government organization concerning the transfer during that period?

A Of this specific transfer, no. Later in the fall then, of course, I became aware of that. I did not link the two of them together until November.

Q I would like to show you a document dated April 18, 1986, which we will refer to as Exhibit 3. I will give you a moment to read it.

(The document referred to was marked as Exhibit 3 for identification)

THE WITNESS: This document looks familiar, which is the 18 April 1986 memo from Carl Vuono, then the Deputy Chief of Staff for Operations and Plans, written to the Director of the Joint Staff. I did not see this contemporaneous with its execution.

I believe during our subsequent investigation after November 26 of 1986 this document came to my attention, either during our own Army Inspector General's investigation of the issue or thereafter as we were supplying documents to the committees or to the independent counsel.

BY MR. SABA:

Q Do you know what caused General Vuono to execute this memo?

A Specifically, no, I do not. Although he references his concern here in paragraph 2, I can only assume that is what -- I do not know specifically what he is referring to.

Q Could you explain to us briefly what General Vuono's position was at that time and his duties that might have caused him to create such a memo?

A Well, of course as the DCS/OPS, as we call him, he, as a member of the Army staff, would work very closely with the joint staff, the JCS staff. He, along with the Chief of Staff of the Army, would probably have the most interface with the JCS staff.

I note this memo is directed to the Director of the Joint Staff, which is a position that would be somewhat equivalent, I suppose, to the Director of the Army staff.

Q I mention this because at the time we learned that the JCS did not have direct knowledge in February and March of the transaction and had not entered into the JCST mode system, and it was, as we have been told by others and yourself, closely held.

Among those shown on the list as having knowledge of the action at that time, we don't normally find General Vuono seeking your assistance in determining the background to this memo.

A Equipment types of requests of course would come through a desk log on the Army staff, although issues of training, issues of readiness would be within General Vuono's expertise as the desk opens. So it could be -- as I recall, there was a readiness issue on some of the Hawk spare parts requests. I am only guessing.

MR. WALLACE: Can we go off the record?

(Discussion held off the record.)

MR. SABA: Back on the record now.

BY MR. SABA:

Q Ms. Crawford, I now would like to direct your attention to the fall of 1986, roughly the period September and October. I presume that following the period in February, perhaps early March, and the meetings you had then with Army Secretary Marsh, that you were not further involved in the matters which we now refer to as the Iran initiative.

A That is correct. I was not.

Q What was your next involvement in the transfer of weapons?

A My next involvement came in late September, early October of 1986 when the [redacted] came to me with an action that had already been ongoing for sometime, and that was the action for Hawk missile radar component spare parts.

[redacted] specifically had a memo for the Judge Advocate General, asking us to give a legal review to the transfer. Really, an after-the-fact legal review, because some items had already been transferred. Yet, there was an ongoing request we were still transferring, and I believe he indicated he had discussed with General Wickham, the Army Chief of Staff, the need for a legal review.

[redacted] indicated to me that he had not been involved in the early commencement of this action, the early transfer of materials, but at some point along the way during the summer this requirement found its way into the [redacted] and he realized it had not received a legal review and was asking for one.

Q I would like to show you a document which we will mark Exhibit 4, and give you a moment to review it.

(The document referred to was marked as Exhibit 4 for identification.)

THE WITNESS: Okay.

BY MR. SABA:

Q Can you tell us if you are familiar with the document, which is a memo dated 22 September 1986, addressed to the Vice Chief of Staff Army. The subject is room stock support. The author is Colonel Robert T. Howard.

A I believe I have seen this document. [redacted] It looks familiar.

Q Did [redacted] mention to you how the request for Hawk spare parts, which is known as project Crocus, [redacted] system?

A Not with any specificity, but he did explain to me that it had started outside of the system and that somehow in the summer, I believe in August sometime, it found its way into the system; that it had been recognized in the system.

Q Did he indicate --

A He did not indicate how, no.

Q Did he indicate any distinction in the way the matter was tasked that caused it to come into the system?

A I do not recall whether or not he might have discussed that.

Q How did you respond to his request?

A By reviewing the package with the action officer in my office, which prompted me to send the memo of 10 October 1986 to the Secretary of the Army.

Q The memo of 10 October 1986, which is a memo from the Secretary of the Army, signed by Susan J. Crawford will become Exhibit 5.

(The document referred to was marked as Exhibit 5 for identification.)

BY MR. SABA:

Q Can you give us some additional information about the memo, what you understood accomplished?

A I recall that when Colonel Howard came to visit me he had -- we discussed the fact that here we have another activity coming through the Army that had not gone through the [redacted] process, and he sort of jogged my memory as to this January/February 1986 time frame and the missiles, which is why I felt it necessary to register my concern to the Secretary that we have an activity coming through that had not had legal review.

Also, it caused me to be a little pickier than I normally would, although I pointed out that I did not have sufficient information upon which to base a complete legal review. Normally, I might have stopped there, but he went on a little bit further in this particular memo and noted, as you can see in the memo, that if we supported the request, we would have a zero inventory balance in a couple columns there and that raised some question about the readiness issue.

That is a little pickier than normal because we had another off-line request coming through. I raised the issue of the Iranian claims tribunal noting some of the Hawk radar was impounded awaiting resolution of those claims. Again, never having any indication these items were going to Iran, were destined to go to Iran.

Q In this case you did not mention congressional notification. Is there a reason this time you did not? Particularly find this --

A I don't think any -- again, congressional is usually presumed by the Army. We have just as a long-standing matter made that a condition of doing business, Congress be notified. I don't recall why he didn't specifically mention it in this memo.

Q What was the result of your memos being provided to the Secretary? Did you discuss it with him? Did you comment?

A I did not discuss this with the Secretary. It is my understanding he-- and I have this on second-hand information. The Secretary met directly with Mr. Taft to discuss some of these matters, but I was not party to that meeting.

STEIN/bap
2:30

Q Did [redacted] provide you with information at that time as to the ultimate destination of the spare parts?

A No, he did not. I do not believe he knew.

Q So the reference in the first page of the memo in a subparagraph marked small A, and in parens, upper case S, as I read the first sentence, there is some indication to me that perhaps you knew or guessed what -- where these weapons were headed.

A You are on the first or second page?

Q I am on the first page.

A The second paragraph --

Q Yes, Paragraph A, (s), I am referring to both sentences.

A No, I indicated there that the purpose of the request and the destination of the material were not known to me.

Q I am referring then having said that, the next sentence perhaps suggestions that you might have guessed or that someone had told you perhaps.

A No, the review by the DUSDP?

Q Yes.

A That is a pretty standard requirement, a regulatory requirement internal to DOD and the Army that if any one of those activities should be involved, any one of those risks involved that the Secretary of the Army himself does not have the authority to approve it, it must go through an OSD policy review. I was trying to think of -- I was being picky.

Q Was any issue as to pricing of the TOWs raised at the time or the Hawks?

A No.

Q Or the Hawk spare parts. Was any issue at that time raised as to any of the intermediaries which might be involved in the transfer of the weapons?

A You mean other than within the Department of Defense or the CIA?

Q Other than U.S. Government.

A Oh, no.

Q So your understanding was that these spare parts were to be delivered to the CIA and other than the CIA you didn't have any specific knowledge of further transferees?

A That is correct.

Q Could you tell us a little bit about the Hawk radars for the record? Did you have information concerning Hawk radars at the time, the Iranian assets question?

A There were some Hawk radar components on the list, as I recall. I don't have the list in front of me, but on a number of different items of spare parts that were requested, including radars for the Hawk system, and that caused me to raise the issue of paragraph small case C there at the top of the second page; that somebody ought to check and make sure that if they are going to transfer radars that they aren't those radars that are part of the frozen Iranian assets, because I knew we had some that were frozen at Fort Hood.

Q I take it that the last paragraph on page 2 indicates your continuing concern at the method in which these transactions are taking place?

A That is correct. The original additional request, what I am referring to there are the Hawk requests. I had not made a connection with this request and the earlier TOW request. I did not know --

Q That was my next question as to whether your reference to original and additional is to distinguish this request for Hawk spare parts from the request in January of 1986 for TOWs?

A No, it was not. This relates only to the Hawks. I knew that there had been an ongoing request and that the Army had continuously supplied that request as far as the Hawks go.

Q What was the reaction to -- if any -- to your memo?

A I did not discuss my memo with the Secretary personally. [redacted] General Overholdt, as you note from the memo, the Judge Advocate General, was out of town. I discussed the matter with him upon his return to inform him, because I did use his name.

Q I would like to show you a document dated 22 Oct. 1986, a memorandum through the acting Chief of Staff Army for the Secretary of the Army on Project Crocus, and it is signed by Robert Howard and bears a handwritten note on the bottom of page 2, and this will become Exhibit 6.

(The document referred to was marked as Exhibit 6 for identification.)

BY MR. SABA:

Q Are you familiar with the document?

A I have seen this document. Again, I believe it came to my attention some time after the latter part of November as we were gathering together documents for the various investigators.

Q Are you familiar with the events mentioned in the handwritten note on page 2?

A Personally, no, I am familiar because of reading this document and what I have learned afterwards, after this all occurred.

Q Did you inform General Kavezza or Secretary Taft of the matters?

A No, I did not.

Q Did Colonel Howard request additional information from you or support following your October 10th memo whether in connection with this memo or subsequently?

A To the best of my knowledge, no.

Q Were you involved further in Project Crocus?

A Not as a project.

Q How were you further involved?

A I became further involved both with Project Snowball, which was our name for the TOW transfer and Project Crocus after the publicity came out that in early to mid November about the U.S. dealing with Iran.

Q And is it correct that after approximately October 10th when you wrote the memo that you didn't have further involvement with either project?

A That is correct.

Q Did you have any knowledge of or involvement in a request from the agency to provide yet further TOWs which we now know were to have replenished Israeli stocks, in 1986?

A No, I did not have any involvement in that, that I can recall. I had been involved in an earlier matter, earlier than '86, dealing with TOWs, but it was with the Customs Service or the FBI in a Sting operation in Florida run by the U.S. Attorney's Office in Orlando.

An Army lieutenant colonel by the name of Gilespie was caught up in that investigation.

Q Returning back to the fall of '86, could you tell us your involvement with the matter, which I will call the Iran initiative, Project Snowball, Project Crocus, following the disclosure of the initiative?

A Following the disclosure --

Q I would also appreciate for the record your own reactions as General Counsel to the Army having been involved certainly with several memoranda and some legal opinions in the abstract, so I would be interested in your involvement, but in your reactions to those events and your coming to know of what the facts were?

A Following the disclosures for the first time, I learned what it was that we were transferring, the TOW missiles and where they were intended to go and linked the two activities, both Crocus and Snowball together. Our immediate -- my immediate concern, and I think the Secretary's as well, I won't pretend to speak for him, was there any illegality or wrongdoing? Does the Army share any blame as far as that goes?

Our immediate concern was how did we price the TOW missiles. As you may recall that became an issue early on. We had different types of TOWs that were transferred. The Army had done some modification to the TOWs, changed warheads to take TOW 2 and make it into a basic TOW. I didn't know there were so many types of TOW missiles.

[redacted] learned a lot about them in November. That caused the Under Secretary to get involved and look at the pricing. Another attorney and I met with him early in the morning after Thanksgiving. I am referring to James Ambrose, the Under Secretary of the Army, and ended up in the Secretary's office making the recommendation that we ask the Army Inspector General to look into the Snowball and Crocus activities, and particularly look at how did we price the TOW missiles.

You probably have a copy of that I.G. report.

But that was our immediate involvement; was there anything improper about the way the Army priced the missiles? Personally, I was concerned that if a profit was made on the missiles in selling them to Iran and some of the press stories were indicating that at the time, did anyone in the Army purposefully keep the price low in order to drive the profit up on the other end?

I think the I.G. report clearly showed that that was not the case, but that was a concern that we shared, the Army leadership and the Judge Advocate General and the Inspector General, and a two-month I.G. investigation ensued.

At the same time I knew that the Department of Justice was looking into the matter, and he was very quick to get some of the knowledgeable people over to meet with officials at the Department of Justice to tell what they knew and then to meet with the FBI and various agents of the FBI that had questions for people in the Army.

This is before the independent ~~council~~ counsel was established.

Q Do you recall about when that was?

A As I recall, the first meeting with the Department of Justice was two days prior to Thanksgiving, a Tuesday--

Q Late November '86?

A Yes, the same day, as I recall, that Admiral

Poindexter and Colonel North were relieved of their assignments and then that weekend following Thanksgiving we had a number of FBI interviews with people in the Army.

Q I have two documents, the first of which we will label as Exhibit 7. It is a 26 November '86 memorandum for the Deputy Chief of Staff Logistics; subject: Department of Justice Questions, and it is signed by Susan J. Crawford.

(The document referred to was marked as Exhibit 7 for identification.)

MR. SABA: The second document is a memorandum for the record also dated 26 November '86; subject, meeting with Department of Justice. This memorandum consists of four pages and is signed by Tony Gamboa, Deputy General Counsel, Logistics. Attached to that memo originally was Exhibit 7, which we just referred to, and in addition, an undated partial draft letter to Mr. Chuck Cooper, Office of Legal Counsel, Department of Justice.

I would appreciate your looking at both of the exhibits at the same time and then explaining their contents to us.

(The document referred to was marked as Exhibit 8 for identification.)

THE WITNESS: As I described a moment ago, I had occasion to go over to the Department of Justice, and I believe as this memorandum for the record indicates, it was the evening of 25 November '86. I remember that it was a Tuesday, and we within the Army with the Under Secretary and people in DCS/LOG were attempting to reconstruct what the Army had transferred and how many we had transferred. This was the same day, I believe, that Admiral Poindexter and Colonel North were relieved of their duties and the Department of Justice was involved in trying to ascertain the facts.

Chuck Cooper, Charles Cooper, the head of the Office of Legal Counsel, had called me several times by telephone to try to ascertain some of the numbers and some of the facts. I told him I didn't feel that we should be discussing classified information over open lines. Why didn't I gather up the knowledge of the people in the Army and get over to his office and sit down with him and tell him what we could, which we did that, I think.

BY MR. SABA:

Q Who is we?

A From my office I went, Tom Kranz, who was the principal Deputy General Council, and Tony Gamboa, who was the Deputy General Counsel for Logistics, and we took with us a Lieutenant Colonel Armbright, Larry Armbright, who worked in the Office of the Deputy Chief of Staff for

Logistics. He had been the key action officer on Project Crocus and had taken over Project Snowball from Chris Simpson and a civilian by the name of Jim Emahiser, a senior civilian in the Deputy Chief of Staff for Logistics. And we went to Chuck Cooper's office and present were Chuck Cooper and Bradford Reynolds and Mr. John McGinnis, who worked for Mr. Cooper at the Department of Justice. and basically went through what we knew in terms of numbers of missiles and price of missiles and explained how the Army would price missiles using the master data file.

Colonel Armbright and Mr. Emahiser were the Army experts in this area and they, of course, carried the ball in terms of the discussion. The people at the Department of Justice had a number of questions, some of which we attempted to answer that evening; others we could not.

You will note my list of questions here referring to the Department of Justice meeting. I asked, and I believe Tony Gamboa had some phone conversations with John McGinnis following that meeting, and was able to transcribe the specific questions.

Q Other than questions concerning price and quantities, did Mr. Cooper or any other person from the Department of Justice focus questions on any other matter? Did a matter other than pricing arise?

A The quantity seemed to be more important to

Mr. Cooper than the price at the time, and he -- one of our transfers was either for 508 or 509 missiles and the distinction as to which it was, 508 or 509 was very important to him.

The reason he told me was that 508, I believe, represented the number that he thought Israel had already transferred to Iran in 1985 , and that is why it was important to him to establish whether the request was for 508 or 509.

Q Was he trying to establish the difference between a replenishment of Israeli stocks and weapons which were directly transferred?

A I am not sure exactly what he was trying to establish. We discussed the differences between a foreign military sales activity. I tried to explain for him what [redacted] system was. We really covered the waterfront that evening for two and a half or three hours.

That is why I had Tony Gamboa along, because he was our legal expert on logistics matters and foreign military sales.

Q Was there any focus that evening on the issue of congressional notification and a threshhold number of 14 missiles?

A That may have come up. I don't recall that specifically, but as I said, we covered so many topics that evening and it had been a very hectic day. That is when this was all breaking and I recall walking into the Pentagon that morning and my Secretary met me and took my coat and said, "Go up to the Under Secretary's office." And the same group that I described was huddling with the Under Secretary, trying to reconstruct after the fact when suddenly it became clear to us that it was the Army's TOW missiles.

Q So the evening of the 25th was your meeting at the Department of Justice?

A - Yes. This was a Tuesday evening, as I recall.

Q It was primarily an oral session?

end bap A Yes.

Q Were there notetakers, do you recall?

A Well, the attorneys for the Department of Justice may have taken notes. I believe Mr. McGinnis was taking notes. I don't recall Chuck Cooper or Brad Reynolds taking notes, although they have have been.

Q I take it that meeting led to your preparation of what is Exhibit 7?

A Yes.

Q Could you explain to whom, in terms of a name, the memorandum is addressed?

A Well, it went to Lt. Gen. Ben Register, who was the Deputy Chief of Staff for Logistics. Specifically, his deputy, General Russo's replacement, a General K-i-c-k-l-i-g-h-t-e-r. who had become the assistant to the Deputy Chief of Staff for Logistics, who had really inherited all this from General Russo, he was taking charge there.

What we were doing was attempting to comply with requests for information from the Department of Justice.

Q Are the handwritten notes of this photocopy of the exhibit yours on the side next to the questions?

A AMC, SASA, AMC, yes.

Q What do they refer to?

A SA would refer to the Secretary of the Army; AMC would refer to the Army Material Command. I don't know whose notes those are. They are not mine.

Q They are not yours?

A They are not mine.

Q Turning to Exhibit 8, are you familiar with the cover letter, the three-page letter by Gamboa?

A Yes, I am. In fact, I asked him to prepare this memorandum for the record so that we would have a written record of our meeting with the Department of Justice on 25 November.

Q So you would say that the memorandum was prepared at your request?

A Yes.

Q Did you review it?

A I did. I probably reviewed it in draft, may have made a suggestion or two to Tony, although I don't recall. Normally I would have done that.

Q So that in general you would say that you are in agreement with the letter?

A Yes, although I haven't looked at this in some time, but this would be a pretty accurate -- touching upon the main topics that we would have discussed that evening.

Q I notice that in the third paragraph, which commences on page 1 and carries over to page 2, there is some discussion indicating -- initiated apparently by the Department of Justice as to FMS prices for basic TOWs.

A Yes.

Q And certain prices. Do you recall from the meeting how the issue of FMS came up, an FMS is an acronym, as I understand it, for Foreign Military Sales --

A That is correct.

Q Which is handled by DSAA?

A Yes, which would be an OSD activity. I don't recall specifically how it came up but I know that there were a lot of questions early on about what type of transaction this was, was it a foreign military sales, or was it an Economy Act transfer. Clearly it wasn't an Economy Act transfer. How would the price of an Economy Act transfer compare with a foreign military sales transaction. Would the price be different?

Q I take it you referred to the Department of Justice officials to Jerome Silver, then the DSAA counsel?

A That is correct.

Q Is it correct that in your understanding of the matters brought to your attention that the issue of foreign military sales had not arisen?

A That is correct. This had been an Economy Act transfer between two Federal Government agencies.

Q In the normal course of events, would an FMS type sale come to your attention?

A Normally not.

Q Would a transaction in which the United States was replenishing the arms of a foreign nation which had acquired such arms through FMS come to your attention?

A Normally no. I say normally because I really can't think of any FMS transactions that my office has had occasion to review. I suppose if one were to raise a question and the Secretary would ask us to look at it, or another member of the Army leadership would, we would do so, but I can't recall that.

Q Just for the sake of the record, if the United States were replenishing the stocks of Israel for Hawk missiles, is it correct that such a replenishment would be an FMS type transaction and that the legal review would go to Mr. Silver?

A I don't know that it would be an FMS transaction exclusively, but you are correct in the second assumption that it would go to Mr. Silver for review if it were an FMS activity.

What role the general counsel of the Department of Defense would play, I don't know, but there may be a role played there as well, my counterpart of the Office of the Secretary of Defense.

Q Who would that be?

A That is Larry Garret.

Q Referring back to the exhibit, which is Exhibit 8, page 2, the second full paragraph on page -- which commences with "Mr. Cooper," could you explain this paragraph?

A I believe I touched upon this earlier when I said the number 508 was very significant to Mr. Cooper because he had explained to me that that is the number he thought that Israel had earlier in 1985 transferred to Iran. Which brings up a question of replenishment, I would assume, of Israeli stocks. Code A assets, condition code A assets, I learned through this review that we have different condition codes attached to the missiles, and at the time that the order came into the Army to transfer X number of TOWs, we did not have sufficient number in the condition code ready to go so we had to do some modifications to the missiles.

In some cases, the modifications involved adding a safety device; in other instances, it occasioned the Army actually changing warheads from a more modern version of the TOW back to the basic TOW in order to satisfy the number demand in the condition code that had been requested.

Q Let me ask you if you knew at the time, the time being February, 1986, that the missiles were destined for Iran, would that have changed your views any, and how?

A You mean in terms of my legal opinion?

Q Yes, and I would give you the opportunity what you think you would have responded then and what you think you would respond now if there is a difference.

A It is always easy to play Monday-morning quarterback. If I had known that the ultimate destination were Iran, I would still want to know the quantity and the price and I would want to know what was the underlying authority for the transfer. And in this case, of course, as I found out after the fact, there was a Presidential Finding that was the underlying authority. Then, in terms of legal review, I think that some of the missing factors that were not known to me in February of 1986 would be satisfied.

From a pure legal review point of view, I possibly would have passed on it had I been satisfied that the authorities were in order and the price and quantity were within the reporting threshold of the requirements to Congress.

Q In your view, would you have thought that a Presidential Finding would have been necessary in that case?

A For this transaction, as I understand it to be, yes. By that I mean it is not a foreign military sales action, it is a transfer and a Presidential Finding would have been required.

7

Q Turning your attention to the last page of Exhibit 8 --

A Page 4 of the Gamboa --

Q Yes. It appears to be a draft of a letter to Mr. Cooper. Are you familiar with this document?

A Oh, this is following Mr. Gamboa's --

Q That is correct, following Mr. Gamboa's letter.

A This is not the same -- this is the same, yes. A list of questions?

end emm

Stein/drg
Take 3B
Fols bap

Q No, it is the last page of Exhibit 8, the very last sheet -- that is correct.

A Oh. I am sure I have seen it. Oh, yes, yes, I am familiar with this.

Q Do you know who drafted this?

A This could well have been typed in my office. As I recall, I may even have taken some handwritten notes over the phone, additional questions that Mr. Cooper had, it might have come from John McGinnis, and this could well have been typed from my own handwritten notes taken over the telephone.

Q Do you recall if these answers were provided directly to Mr. Cooper following this meeting?

A It took some time to gather these answers together, and by the time that the Army had them together, events had proceeded to the point where we were dealing with agents of the Federal Bureau of Investigation and the Independent Counsel was at least on the scene or in the picture, and the questions -- the answers were provided, but I don't believe that they were provided directly to Mr. Cooper, who was out of the picture at that time.

Q I see. I want to show you another exhibit which we will mark Exhibit 9.

(The following document was marked as Crawford Exhibit No. 9 for Identification.)

BY MR. SABA:

Q It is handwritten notes, dated 1 December 1986. It appears to be on Department of the Army, Office of General Counsel stationery, and it is a two-page set of notes which apparently bears your initials. Could you tell us the circumstances surrounding this memo?

A I believe that following General Russo's interview by agents of the FBI, he called me to give me a backbrief via telephone, and these are my notes on his report to me of his interview with the FBI. Early on in this, I would say right around the Thanksgiving timeframe, the Secretary of the Army appointed the General Counsel's office as the -- I [redacted] because that confuses it, as the central clearing house for all release of information, all information to be released to investigators, whether they be Independent Counsel or Department of Justice or Congressional, would be provided to my office, and we would then alert the Office of the Secretary of Defense through the General Counsel at OSD and then release the information, a procedure that we are still following today.

The Secretary of Defense did the same with his General Counsel so we would have a centralized office to gather the information and turn it over to the investigators.

Q I understand there came about, in response to the various inquiry procedures whereby information collected within the Army would pass from your office and from your office to that of the Secretary of Defense?

A General Counsel for the Secretary of Defense.

Q So you would provide information directly to Mr. Garrett?

A That is correct.

Q I show you another document, marked Exhibit 10. It is a document dated 15 December 1986, and it is entitled "Notes for the General Counsel, Department of Defense".

(The Following Document was Marked as Crawford Exhibit No. 10 for Identification.)

THE WITNESS: These are information papers prepared by the Office of the Deputy Chief of Staff for Logistics, to which I attached a cover memo, this note to Larry Garretc, and sent up to him. As you can probably appreciate in this late November-early December timeframe, we were doing a lot of reconstructing, and the Office of the Secretary of Defense through the General Counsel was asking a lot of questions, questions that we were trying to answer internally within the Army as to quantity and price, and that is why I believe I added in here, sort of covered myself -- I know you are aware -- we had discovered an error in pricing. How big an error and why it occurred, we didn't know as of 12 December. That is why we had asked the Army Inspector General to do an investigation.

BY MR. SABA:

Q Turning your attention to the third page of the exhibit, are you familiar with that document?

A I have seen this document, yes.

Q It appears to have been created from the prior page of this exhibit, which is your --

A This one perhaps I have not seen before, but I knew that this was being prepared, that that is what Mr. Garrett was going to do.

Q The third page of the exhibit is entitled, "Memorandum for the Secretary of Defense, TOW Missile Transfer Pricing". This memo does not bear a date, though it appears to have been prepared by Mr. Garrett, and judging from the date of your cover memo, it was probably prepared, I think, after 12 December 1986. Do you know when it might have actually been prepared?

A I think your guess is probably as -- fairly accurate. It would have been shortly thereafter. I know that Mr. Garrett -- I don't want to say he was pressuring the Army, but he was under a great deal of pressure himself to try to get the facts out as quickly as he could.

Q Would it be fair to say that these three papers demonstrate the flow of information concerning pricing from the Army to the Secretary at that time?

A Yes. The conduit was my office to the General

Counsel, Department of Defense, for most information.

Q So that if, for example, the Secretary in late December thought the price for a TOW was $8,435, it is reasonable to presume he might have obtained that information from this paper?

A That is a reasonable assumption, I am sure. The Army Inspector General report was not concluded until some time in late January during one of the snow storms, I know.

Q For the sake of the record, I show you what will be Exhibit 11, which is a memorandum, dated 15 December 1986, and it is signed by Susan Crawford.

(The Following Document was Marked as Crawford Exhibit No. 11 for Identification.)

BY MR. SABA:

Q Can you give us a little bit of information on this memorandum?

A Yes, actually I was a little uncomfortable in sending this memo. I didn't think it was my place to inform the Army leadership that the transaction Project Snowball was to cease. As you probably know, we had not transferred all the missiles that had been in the requirement, and some of them are still sitting in the Anniston, Alabama Army Depot.

In a phone conversation with Larry Garrett, he informed me that the Secretary of Defense had said that we were to discontinue support of Project Snowball. When I passed that on, Garret asked me if I would pass that on to the Army leadership -- I said I would be happy to do so, but I thought that it would be more appropriate if the Secretary of Defense were to inform the Army leadership. He responded that the Secretary of Defense had informed him, and he was informing me so I took on the task of informing the Army leadership through this memo.

As a practical matter, the Under Secretary had prior to December 1986 said we are not going to ship any more, so the Army practically had already stopped.

Q This would not be the normal channel to use --

A No, that is why I was uncomfortable doing it, but the General Counsel asked me to do it, so I did it.

Q The appearance is that the lawyers have taken over?

A More properly, this should have come from the Secretary of Defense to the Secretary of the Army, and maybe it had through other channels I was not aware of.

Q I have another exhibit, Exhibit 12, which is a memorandum for the General Counsel, Department of the Army, from General Register, dated 18 December '86, and there is a six-page memorandum attached to it untitled and undated. I would ask you to comment on this.

(The Document was Marked as Crawford Exhibit 12 for Identification.)

THE WITNESS: I believe these were in response to the questions that we reviewed earlier that were raised by the Department of Justice on the evening of 25 November and in phone conversations the next day or so thereafter.

BY MR. SABA:

Q Were these provided by you to the Department of Justice?

A As I said, by that time -- I am sure they were provided to the investigators. I probably provided them to Larry Garret, and then they went on from there to the investigators. By that time, Charles Cooper and Brad Reynolds were not the preeminent investigators for the Department of Justice. I don't recall whether or not the Independent Counsel was operating at the time.

Q General Register would have provided you with this memo, and your recollection is that you would have provided this to whom?

A To Garrett or to his office. He has an attorney by the name of Ed Shapiro who was his key man to gather the information for him.

Q Would you also have provided that at that time to the Independent Counsel?

A Either Garrett would have done that or asked us to do that and give Garrett a copy.

Q Do you have any recollection of providing that memo to the Department of Justice?

A No. When you say the Department of Justice, you mean the active investigators at the time?

Q Let's start with that, yes.

A We would have provided it to investigators. I don't recall whether or not we would have sent it to Cooper and Reynolds or to Cooper's office, because I believe by this time he was no longer actively investigating the matter. It may have been -- most likely, we gave it to him, and we can check this, we would have given it to the FBI agents who had entered the investigatory picture the weekend of Thanksgiving and had remained active.

Q During the period November and December 1986, did you provide at any time memoranda to anyone on the National Security Council staff?

A No.

Q We come to the last exhibit -- this is the 1st exhibit -- handwritten notes dated 15 January 1987. It appears to be addressed to you, and it is signed "George".

(The Document was marked as Crawford Exhibit No. 13 for Identification.)

BY MR. SABA:

Q Can you tell us who George is?

A Yes. George is a Major George Peirce, P-e-i-r-c-e, an American attorney, a Judge Advocate assigned to my office. George Peirce was my key action officer from the summer of

1986 until last Friday, replacing Tom Taylor, who had gone to school for a year.

Q And was Major Peirce tasked with responding to various requests and coordinating this matter?

A Major Peirce was my office's key action attorney in dealing with Larry Garrett's office and the transfer of all documents and information to be released to the various investigators.

Stein/drg
end
Dotson/emm
fols

(3:15)
#4
DOTSON
emm-1

BY MR. SABA:

Q Can you tell us for the record what has been the procedure in 1987 concerning the transmission of information from the Department of Army to other Executive agencies of the government?

I am specifically excluding all committees. I would prefer --

A You mean in terms of the investigation?

Q Yes.

A We have had a number, as you know, Our own investigation, the GAO, Congressman Aspin's staff, the House Foreign Affairs Committee, the HPSCI, SSCI and of course the select committee, in addition to the Independent Counsel, now the Independent Counsel or the FBI. The procedure basically has been that within the Army, my office would gather the information, the documents, and transmit them to the Office of the General Counsel of the Department of Defense. In some instances, General Counsel for the Department of Defense would ask us to transmit the documents directly to the requestor, just notifying the Office of General Counsel of DoD we had done so.

Some places we would leave copies with DoD General Counsel. In any event, we would not release without at least notifying the General Counsel of DoD we had done so.

Q I have a few questions of a more general nature.

You mentioned earlier in your testimony and I believe in other interviews that since these events have unfolded, there has been a change with respect to your access as the General Counsel to the Department of the Army to findings.

Can you provide us with more information about that? Specifically, when did the change occur? Is there a requirement you see the finding? Is it that you had access to the finding? What is the current situation?

A Actually, the change has been that the Army now has access to review a Presidential Finding and specifically within the Army, the Secretary and I are authorized to review a finding. That change occurred in the early spring of this year, 1987.

From time to time in the past, the Army, whether it be through [redacted] or my predecessor as General Counsel of the Army has requested access to a Presidential Finding and that request has been denied. I have always felt, as did my predecessor, that in order to truly meet a legal review, I need to review the finding to make certain that the support that is requested of the Army is within the scope of that finding.

And, as I mentioned, since the early spring of this year I have had access -- by access, that means when a transaction comes through my office, the underlying authority of which is a Presidential Finding, I call the Deputy's office, the office of the Under Deputy of Defense Policy; there are two people designated in that finding to me and remain with me while I review it and then take it back and lock it up in their safe. I'm permitted to take limited notes, which I have retained a copy in our own internal files, so if I'm absent from the record and an activity comes through, the action officer can check the register of findings I have reviewed to make certain the activity falls within the scope of the findings I have reviewed.

Q How would you know there isn't a finding?

A Normally a finding, the fact of a finding has been known to us for a number of years. The request coming into the Army would reference a finding by country and by date.

It is just that we in the Army have not sat down to read the text of the finding. We know that one exists.

Q As an example, I point out that in this case, there was no information provided as to a finding, although we know there in fact was a finding on approximately 17 January 1986. How would that situation be avoided under current procedures?

A I'm not sure that it would be. The SNOWBALL transaction was, as I say, outlined. It wasn't a normal request that came through the [redacted] It was an order to execute, a requirement; here's a requirement, Army, fulfill the requirement, and I'm not sure that just referencing a finding would avoid that from happening.

Q My concern, as you appreciate then, is what triggers a [redacted] review and the possibility that it can be bypassed through what you refer to as a requirement as opposed to a request. Could you define for us the difference in your mind between a requirement and a request?

A Well, a request obviously gives us some discretion and flexibility and the opportunity to say no, which a requirement does not. But perhaps I can better describe it, I think perhaps I touched on this earlier, I can accept the fact there are some activities or transactions or operations that are so sensitive that perhaps there would be no paperwork, and reviews would be limited.

For example, in the invasion of Grenada, I did not know about that in advance, nor do I think I needed to know about that in advance. There may be other such activities that would be similar.

My concern would be, does the head of the Army,

5

the Secretary of the Army, know, is he satisfied all of the appropriate reviews are in place; whether or not the Army has donc them, has somebody done them? Has there been a legal review, has there been a policy review or a concern of congressional notification addressed? If he is satisfied with that, I can accept the fact there are some activities that would be of so sensitive a nature they would not go through our normal staffing process.

I think those are exceptional and I think that is the exception, not the rule.

Q · Other than Project CROCUS and Project SNOWBALL, do you know of any other provisions of equipment to the CIA by the Army since the initiation of the [redacted] system which have gone outside that system?

A I'm not aware of any others. These are the only two that I'm aware of. That is not to say there aren't others, but I'm not aware of any others.

nd 4
emm

Q In an earlier interview you had mentioned that in an ideal world you would want to have additional facts. I think you indicated that because of an embargo, in reference to Iran. You would have been curious about the existence of a presidential finding.

Do you recall that general line of discussion?

A Yes. I believe that I do recall that. Although I suppose one can say the Army's responsibility is to transfer to the CIA and the Economy Act governs that, and perhaps that is where our responsibility ends, but I am always curious as to what happens after that. Whether or not the Army should be curious about that, I suppose one could debate. [redacted]

Q Leaving aside the issue of a transfer to the CIA, assuming that that is not the case, what would your understanding have been legally in the event of a transfe[redacted] directly [redacted]

A Army [redacted] directly?

Q Yes. A sale by the United States Government.

A By the United States Government.

Q Yes.

A What would be the nature of the transaction? Foreign military sales or what type of transaction?

Q Let me strike the first -- the nature of the transaction. First, a sale directly by the United States government of Iran.

A Well, it is my understanding there is an embargo placed upon such sales by the President, and would take the President lifing that embargo in order to authorize that transaction to take place.

Q Do you recall, are you referring specifically to something under the Arms Export Control Act? Do you have specific concept of what you mean by embargo?

A It is my general understanding rather than specific, that the United States Government, by presidential decree, was not to deal with the government of Iran and that that related back to the taking of the hostages in 1979, the storming of our embassy.

Q Suppose the transaction was the replenishment of Israeli weapons and let's assume this replenishment would be at a value greater than $14 million.

A I would be speculating off the top of my head to that. I would need to review that, the authorities. I am not prepared to answer that one.

Q Let me tell you what we have come to know, and this might help you to see where I am going. We know that in the middle of November 1985 there was a request made over to DSAA as to the availability, modalities of transfer of a substantial number of Hawk missile systems, and it became known very shortly in November we were discussing Iran as the ultimate destination of these Hawk missile systems.

Let us say it was not clear at the time as to the nature of the transfer whether it be to an official of the government of Iran or whether Israel would transfer weapons immediately, but for their own security reasons wished almost immediate replenishment of those missiles. Let us say also that it is unlikely that Israel would have made the transfer to Iran, sale to Iran without the United States' consent, but the transaction would have been--Israel would have sent, sold to the government of Iran more than 100 Hawk missiles. Iran would have paid Israel for these missiles in cash up front and Israel in turn would have purchased those missiles almost immediately from the United States.

Assuming that were the transaction, the time period is November and the first week of December 1985, and that request had come into the Army. What would have been the response?

A I am sure I would have raised a lot of questions in terms of the underlying authority for the transaction. I would need to determine the applicability of the Arms Export Control Act for military sales provisions. Was this a classified activity? What sort of intelligence ramifications, if any, would be there and whether or not a presidential finding would be necessary.

It is possible to accomplish that, but I think several factors would need to be considered ahead of time to make sure the authorities were there.

Q These factors would be needed to be considered ahead of time. Do I take it you are not prepared to give me an instant legal opinion?

A No, I am really not prepared to do that.

Q So you don't want me to ask you --

A You are welcome to ask. You get what you pay for. I haven't done my homework on all that.

Q Had anyone asked you for such an opinion in that time frame?

A No.

Q Have you ever developed a legal memorandum or opinions in 1985, second half of 1985 or in 1986 concerning the possibility of such transfers?

A No.

Q Would it have been your understanding in 1985 that a transfer by Israel or replenishment of Israeli weapons, a value which would exceed $14 million, would have required advance congressional notification?

A If the transfer were done pursuant to the Arms Export Control Act, I believe the $14 million threshhold is a provision of that amount.

Q Did anyone discuss with you in the period of

November or December 1985 the transfer of TOWs or Hawks to either Israel or to Tehran?

A No.

MR. SABA: I have no further questions.

MR. GENZMAN: I have no questions.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. KREUZER:

Q We discussed earlier that it is the policy of the Secretary of Defense that the recipient of I guess Economy Act transfer items has the responsibility to notify Congress if they exceed the threshold of the value established by Congress. Is that something you were discussing earlier?

A Yes.

Q Do you happen to know the origins of that policy? Is that a recent policy?

A I don't think it is recent. I think -- I believe my predecessor, former general counsel, dealt with it also. That has been the position of the Office of the Secretary of Defense since I have been involved in reviewing these types of transactions.

Q Would you comment on what you perceive to be the rationale behind that policy?

A The primary responsibility is with the receiver, with the idea the receiver is the user, and it is the user/receiver's activity that would be of principal concern to the Congress.

Q Would this be a question that would be primarily addressed in an Economy Act transfer such as we are looking at at the CIA or foreign military sales? What would the scope be?

A I am talking Economy Act, because the underlying basis for most of our transfers of equipment, virtually all I can think of to the CIA would be the Economy Act.

Q Then would you say that most of the Economy Act transfers that occur involve the CIA?

A The ones that would come through the [redacted] We have a lot of other Economy Act transfers with other agencies in the Federal Government, but those with the special access type of nature or classified transaction would be with the CIA. [redacted]

MR. SABA: I think I can ask the question a little different way.

BY MR. SABA:

Q Is it correct that once the transaction is structured such that the Army is transferring weapons to another United States Government agency, in the absence of a specific statutory requirement, the Army believes it is governed by only the Economy Act, which essentially establishes pricing?

A The Economy Act governs the pure transfer of the equipment. It does not govern the usage of the equipment; it governs the actual transfer itself.

Q Asked another way, once the transaction is structured such that the agency receives the equipment, the Army believes that it has no further obligation as to other statutes for congressional notification?

A Well, that is stated a little strongly. The Army leadership, and by that I mean John Wickham, the outgoing Chief of Staff, and Secretary of the Army, are very concerned about the end usage of Army equipment and that all legal authorities are complied with whether or not it is the Army's job to comply with them or responsibility to comply with them, and that includes congressional notification.

Q I will be blunt and frank. There were individuals in the Department of Defense, and including in the Army, who in January 1986 were aware that these weapons would ultimately go to Iran. It has been argued that the Department of Defense, specifically the Army, had no duty to comply with any statute in general regarding notification to Congress because the transfer was structured in such a way that it became an Economy Act transfer.

CAS-4

The implication, when we say Economy Act transfer, is that the DOD becomes absolved of notification requirements that would otherwise pertain if DOD were making the transfer. The question then is: does the Army believe that even if it knew weapons were going to Iran it would have no notification requirements?

Suppose they told you, suppose General Russo had now said to you, "I know these weapons are going to Iran", would your answer still have been the same, that the obligation for notification rests with the agency?

A I would say, first of all, I am surprised General Russo knew --

Q I don't say he did. But let's assume that he did.

A I think, technically speaking, the Army is not in a position to countermand the policy of the Office of the Secretary of Defense. That office has made it clear it is not the Army's responsibility to notify Congress. Now having said that, and knowing Jack Marsh, as I do, I think he would have been very uncomfortable, extremely uncomfortable, in not knowing whether or not Congress has been notified.

I would, I am sure, make it a condition the congress be -- in fact, in this case he raised the issue.

Q It is troubling, because there is in your memos

~AS-5

and other memos in the Army a certain discomfort, a certain unease, others call it a sort of gut feeling that we are not happy about this. Yet it appears that the transaction is structured in such a way that as a legal matter that the Department of Defense is absolved from any congressional notification.

I ask the question in a technical sense now, because we are also looking to writing a report making recommendations and the Members of Congress will consider current statutes and whether they are sufficient or insufficient, and so I would distinguish between what some might feel is a moral obligation or a gut reaction and what the legal requirement is.

Leaving aside questions of moral unease, even if General Russo had come to you and said, assuming he knew, "These weapons are being transferred by the agency to Iran." and I point out that it is likely that General Powell certainly knew that, and if they had come to you and said, "These weapons are going to Iran," would it make a difference in your legal opinion as to congressional notification?

A It would have raised the uneasiness factor a couple ~~decimals~~ decibels to be sure.

Technically, the primary legal responsibility to notify Congress would still rest with the CIA. Whether or not I would feel compelled to recommend to Jack Marsh,

CAS-6

whether or not he would feel compelled to buck the system and have the Army independently raise the issue, which is a rather drastic countermanding of a superior, I don't know. I don't know whether we would have considered that at the time.

I believe the Army, that General Russo did not know, he has so stated, and that the Army was purposely not told. Whether it was to protect the Army or just keep us from learning --

Q This is a wonderful loophole. We can do it but not do it, because we are going to give it to the agency to do it.

A You are talking about a dual reporting system then or making the DOD main responsibility and not --

Q I am asking if the Economy Act was, in fact, a convenient loophole to avoid congressional notification as a legal, technical matter, and place that responsibility or permit it to fall on another agency.

A Under existing authorities, though, I don't -- the Economy Act governs most of our transfers of equipment not only to the CIA but to other agencies. I don't think people will just, looking back on it, I don't think people had a choice to go this way, this way or that way. The Economy Act is really the only way we do it. I don't know if it was searching for a loophole.

CAS-7

Q I don't mean the Army. I am taking an overview, I am looking at the entire role of the Department of Defense and the United States Government.

Because the issue of congressional notification is obviously what our members are concerned about, and there is this unease in the memos throughout the Army. The Army clearly was not told who the weapons were going to. One gets the impression this was done very carefully and the Army was not told. Yet, frankly, there were those who knew, I am not saying those in the Army who knew but there were people who knew.

A No one assigned to an Army activity, of course, he is an Army General, but assigned to OSD.

Q There were also other civilians but not in the Army. I am looking as a lawyer, though, because I am looking to determine whether the laws are adequate or not. If the sense of the people, including the sense of the Army, there should have been notification, then I have to look at the statutes to see if, in fact, it is required. If it was not, then I make another decision and it falls that way. That is why I asked you.

If you knew it was Iran anyway, apart from unease, would your opinion have come out the same anyway? That is, the burden of notification of the statutes would have passed to [redacted]partment of the Army would have no congressional notification requirements?

A Technically I believe that would still be my conclusion, but as I said, the unease factor would have been raised to a level of perhaps the Secretary of the Army and with others would have considered raising the issue -- we would have been in a better position to raise it more strongly if we had known where the missiles were intended to go.

Q So it might be said, it might be a fair statement that one way to circumvent the [redacted] and possibly circumvent, I don't mean illegally, notification requirements would be simply to not tell the Army, or another agency, not to tell the Army what the end use of the weapons is going to be?

A Or perhaps the activity of the transaction was so sensitive, as I mentioned earlier, I can accept there would be some that would be so sensitive that I certainly do not need to know and for national security reasons. I would be better off not knowing and others in the Army.

Q That is one way I could get weapons out of the Army and not raise all these [redacted] in the Army?

A I think it would be a little harder to get them today than it was a year ago. But for the sake of argument, yes. That possibility would exist.

CAS-9

Q I have only one other question. At any time in 1985 or in 1986, do you know of your own knowledge or did you hear of Colonel North, someone from the NSC, asking about the price of TOWs?

A No. I knew that after the fact when we were trying to reconstruct the --

Q No one ever said to you in the course of conversations that, for example, in late November 1985, Colonel North called up and asked for the price of a TOW?

A No. I heard that also again when the I.G. was doing its investigation a year or so later, but I had ne knowledge of that in 1985.

Q When you heard about it a year later, what was the context of your hearing about it?

A The context was during the course of the Army Inspector General's interview of a number of witnesses attempting to re-do, re-look the transaction as to how we priced the TOW missiles, the allegation, I guess, or -- I will call it an allegation, was raised that Colonel North had called someone in the Army and asked about pricing of TOWs. I think that allegation did not bear out in the final report, perhaps there would have been some discussions but I believe it was/as I recall the report, at the OSD level, not with the Army.

CAS-10

Q I assume you don't recall any evidence or come to know of any evidence, in fact, Colonel North had called someone in 1985 and asked what the price of a TOW --

A I recall that coming up as an issue, but I don't recall any evidence that would --

Q That it occurred?

A That it occurred.

MR. SABA: I have no further questions.

MR. GENZMAN: Nothing from me.

MR. SABA: I would like the record to show Ms. Crawford came voluntarily. We certainly appreciate the time she has given us and, once again, we express our appreciation to the Department of the Army for the cooperation they continue to show these committees.

THE WITNESS: Thank you.

(Whereupon, at 3:45 p.m. the deposition was adjourned.)

UNCLASSIFIED

13 Feb 86

D 2916

DEPARTMENT OF THE ARMY
OFFICE OF THE GENERAL COUNSEL
WASHINGTON, DC 20310

REPLY TO
ATTENTION OF

SC
EX 1
6/15/87 MS

13 FEB 1986

MEMORANDUM FOR THE SECRETARY OF THE ARMY

SUBJECT: Support to Intelligence Operations

During a recent review of an issue in our office, we noted a significant provision in the Intelligence Authorization Act for Fiscal Year 1986 that we wanted to call to your attention.

During Fiscal Year 1986, the transfer of defense articles or services exceeding one million dollars by an intelligence agency to a recipient outside that agency is considered a significant anticipated intelligence activity for the purpose of reporting to Congressional intelligence oversight committees. In addition, an intelligence agency may not transfer any defense articles or services outside the agency in conjunction with any intelligence or intelligence-related activity for which funds were denied by the Congress.

These provisions appear to reinforce our view of the importance of Congressional notifications in connection with support to intelligence operations.

5211

[redacted] Declassified/Released on 11 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

Susan J. Crawford

Susan J. Crawford
General Counsel

N.B. In discussion with Mrs Crawford today, she advised that where we support another agency, they -- not we -- are responsible to make the necessary notifications.
13 Feb 86

UNCLASSIFIED

12 MAR 86

UNCLASSIFIED

N 9897

Paul,
Put this with the finding

J.

3/12/86

RECEIVED
FBI
NOV 29 1986
Copy is Receipt

~~Partially Declassified~~/Released on 11 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5212

T108

UNCLASSIFIED

SC
Ex. 2
4/15/87
ORS

UNCLASSIFIED

OFFICE OF THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

N 9899

12 March 1986

MEMORANDUM FOR VICE ~~ADMIRAL~~ John POINDEXTER

The attached memorandum from the Director of the Army Staff is self-explanatory. It reflects the unease of the Army General Counsel's office over the transfer of items with which you are familiar. As you know, we have been handling this program on a very close hold basis, and the Army has been told nothing with respect to destination. Per guidance received from NSC, the Army has been told that they have no responsibility for Congressional notification. The Army has also been told that whatever notifications are to be made will be taken care of at the appropriate time by the appropriate agency and that the Attorney General has provided an opinion that supports this position.

The Secretary asked that I make you aware of the Army's concerns in the event you wish to advise the DCI or the Attorney General.

Colin L. Powell
Major General, USA
Senior Military Assistant
to the Secretary of Defense

~~Partially~~ Declassified/Released on 11 Feb 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

(5212)

UNCLASSIFIED

UNCLASSIFIED
~~TOP SECRET~~

DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF OF STAFF
WASHINGTON DC 20310

N 9900

DACS-SD

7 MAR 1986

MEMORANDUM FOR THE MILITARY ~~ASSISTANT~~ Colin TO THE SECRETARY OF DEFENSE

SUBJECT: Congressional Notification of Significant Intelligence Activities (U)

1. (~~TS~~/NOFORN) On 18 January 1986, the Army responded to a verbal tasking from your office to provide 1,000 TOW missiles to the Central Intelligence Agency with a contingency for 3,509 more at a later date. The first 1,000 missiles were delivered on 14 February 1986 to the CIA.

2. (~~TS~~/NOFORN) This request for support circumvented the normal [redacted] System for reasons of security, yet the support exceeded the $1 million threshold established in the FY86 Intelligence Authorization Bill for reporting to Congress as a "significant intelligence activity." Funds in excess of $3.5 million were provided by the CIA to reimburse the Army for the first 1,000 missiles. Billing and payment will occur within 60 days, or when all missiles are delivered, whichever is shorter. The Agency expects to complete the project within 60 days.

3. (~~TS~~/NOFORN) SECRET memorandum of 13 June 1983, subject: DoD Support [redacted] (S), establishes responsibility for notification of Congress of DoD support to the Agency with the Deputy Under Secretary of Defense for Policy. It also confirms that primary responsibility resides with the Director, Central Intelligence. In the case of the TOW missiles, the Army understanding on responsibilities for notification conforms with your June 1983 memorandum.

4. (~~TS~~/NOFORN) This memo is to assure understanding of statutory requirements should this issue be raised by one of the Congressional intelligence committees in the future.

Partially Declassified/Released on [illegible]
under provisions of E.O. 12356
by K. Johnson, National Security Council

ARTHUR E. BROWN, JR.
Lieutenant General, GS
Director of the Army Staff

CLASSIFIED BY: DASP
DECLASSIFY ON: OADR

UNCLASSIFIED
~~TOP SECRET/NOFORN~~

18 APR 86

UNCLASSIFIED

~~SECRET~~

DEPARTMENT OF THE ARMY
OFFICE OF THE DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS
WASHINGTON, DC 20310

REPLY TO
ATTENTION OF

DAMO-ZA

18 APR 1986

MEMORANDUM FOR DIRECTOR, JOINT STAFF

SUBJECT: [redacted] System (U)

1. (S) The [redacted] System provides a single channel for requests for support from the Central Intelligence Agency to the Department of Defense. The system protects extremely sensitive information from both inadvertent and deliberate disclosure, allows for covert support to Agency operations worldwide, and insures adequate Service review of the requests.

2. (S) Recently, a number of requests involving transfer of high technology weapons, large quantities of limited, sophisticated missiles, and/or spares for low density weapons have bypassed the [redacted] System. These requests have been made by members of the Office of the Secretary of Defense directly to Service officials. [redacted] has either not participated or has done so after the fact.

3. (S) Requests which bypass the [redacted] System receive less Service and no Joint Staff scrutiny, yet may impact on the Service's warfighting capabilities. The Secretary of Defense should be made aware that using ad hoc channels to support the CIA may degrade security overall and impair national security.

Partially Declassified/Released on 11 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

CARL E. VUONO
Lieutenant General, GS
Deputy Chief of Staff for
Operations and Plans

5213

SC
6/15/87

UNCLASSIFIED

01145

COPY 1 OF 1 COPIES

SPECIAL HANDLING OF THIS DOCUMENT IS
REQUIRED. HANDCARRY DURING ROUTING.

UNCLASSIFIED

DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF OF STAFF
WASHINGTON DC 20310-0200

[redacted]

22 Sep 86

J 9324

DACS-DMP

22 SEP 1986

MEMORANDUM FOR VICE CHIEF OF STAFF, ARMY 24 Sep 86

SUBJECT: ROAM STOCK Support (U)

1. (U) Reference ODCSLOG action memorandum first under.

2. (S) Support to project CROCUS was directed by the CSA to ODCSLOG in late May or early April 1986. Although the Chief, [redacted] was advised of the required support, taskings did not flow through the [redacted] System. Therefore, supporting memorandum with normal legal review and formal Army leadership approval are unavailable. Reference was prepared in an attempt to begin formal written documentation for support to project CROCUS. However, the ODCSLOG memorandum fails to adequately provide the necessary background for the leadership.

3. (C) Recommend you discuss this issue with the DCSLOG as the requested support does impact on the Army's air defense capability.

Partially Declassified/Released on 11FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

ROBERT T. HOWARD
Colonel, GS
Chief, Technology Managment Office

Sir: MFR from LTG Russo has been added as tab B. Talked to CSA he asked that you drop next under, that I discuss the action ~~wi~~th SA and file it. He is uneasy about too much written material being passed around on this.

5215

[illegible] HANDLING OF THIS DOCUMENT IS [illegible] HARDCOPY DURING ROUTING. [illegible] ADMINISTRATIVE [illegible] DISTRIBUTION [illegible] SHALL NOT BE USED. ACCESS [illegible] THIS DOCUMENT MUST BE LIMITED TO [illegible] WHO MUST KNOW THE INFORMATION

EXHIBIT R-14

UNCLASSIFIED SECRET

CLASSIFIED BY: DASP (U)
DECLASSIFY ON: OADR

UNCLASSIFIED
SECRET

10 Oct 86

[redacted]

DEPARTMENT OF THE ARMY
OFFICE OF THE GENERAL COUNSEL
WASHINGTON, DC 20310-0104

10 OCT 1986

MEMORANDUM FOR THE SECRETARY OF THE ARMY

SUBJECT: Additional Support of Project Crocus (U)

(U) The action memorandum to you of September 8, 1986, SAB, concerns additional support for this project beyond that already provided in May 1986. The Chief, TMO provided me with the action memorandum and supporting documentation because the original request was not processed through the prescribed [redacted] System and did not receive the legal reviews required by the DASP(U). The action memorandum on additional support also omits TMO, OTJAG, and my office.

~~(TS)~~ I have not been provided with sufficient information on this project to permit a complete legal review or concurrence, but the available information (or lack thereof) does raise serious legal and policy concerns that should be resolved prior to your action on this request. Specifically:

1)

a. ~~(S)~~ Since the ultimate purpose of this request and destination for the materiel have not been disclosed, I cannot address statutory or other restrictions that might apply, or the approval authority required under DOD Directive 5210.36. Review by the DUSD(P) is required if this request involves substantial risk of embarrassment to the United States or DOD, or, if in your judgment, it involves questions of policy or propriety.

b. ~~(S)~~ The request, if supported, will result in an inventory zero balance on three items and impact on the Army's air defense capability. Both DOD Directive 5210.36 and the DASP set forth a policy of providing support to non-DOD agencies if it will not interfere with, or impede, the performance of the missions and functions assigned to DOD. Thus, the impact of this requested support on the Army should be carefully evaluated.

Partially Declassified/Released on 11 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5214

Special handling of this document is required. Handcarry during routing; normal administrative distribution channels shall not be used. Access must be limited to those who [illegible] know the information.

4

CLASSIFIED BY: DASP(U)

DECLASSIFY ON: OADR

UNCLASSIFIED

SC-6-5
6-15-2

[redacted]

c. (S) It is not clear from the supporting memoranda whether Roam Stock still contemplates transferring radar systems that were previously identified as Iranian assets pending settlement of claims by the U.S. - Iranian Claims Tribunal. Any such proposed transfer should be reviewed by OSD. This would be treated as a separate request for end items, rather than repair parts.

(U) I am concerned that it was deemed necessary to handle both the original and additional requests through other than the established [redacted] System and to exclude both OTJAG and my office from the review process. Due to his attendance at the JAG Conference, MG Overholt has not yet had an opportunity to review this matter, but I am confident that he would concur in my view that sensitive programs should be given proper legal review before the Army leadership is committed to their support.

Susan J Crawford
Susan J. Crawford
General Counsel

~~SECRET~~

[redacted]

DEPARTMENT OF THE ARMY
OFFICE OF THE CHIEF OF STAFF
WASHINGTON, D.C. 20310-0200

UNCLASSIFIED

DACS-DMP

22 OCT 1986

MEMORANDUM THRU Acting CHIEF OF STAFF, ARMY MH 22Oct86

FOR SECRETARY OF THE ARMY

SUBJECT: Project CROCUS (U)

1. (S) The DCSLOG memorandum at blue flag recommends Secretary of the Army release to ROAM STOCK additional HAWK Missile System repair parts/support items. The DCSLOG position is that release will have minimum impact on Army readiness. The memorandum relates to an earlier, verbal directive to DCSLOG to provide HAWK items to ROAM STOCK for project "CROCUS." Four radar sets were also part of the original request. Two of these are Iranian assets which are being held pending settlement of claims by the U.S. - Iranian Claims Tribunal. All four sets are still under Army control at Letterkenny Army depot; they are no longer part of the current ROAM STOCK request. At Enclosure 1 is a matrix summarizing the status of the CROCUS action.

2. (S) This office became involved when DCSLOG requested the memorandum at blue flag be carried by [redacted] to the Army leadership. When it reached the CSA he indicated there was sensitivity regarding written material on CROCUS but did direct that the memorandum be sent to TJAG and GC for "review." Their comments are attached at Enclosure 2.

3. (S) In view of the sensitivity of CROCUS, recommend the Secretary of the Army discuss the project with the SECDEF making the following points:

a. Details of project CROCUS need to be provided to appropriate authorities within DoD.

b. When details are known, proper DoD legal review should be accomplished.

Partially Declassified/Released on 20 Jul 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

T... ...DLING OF THIS DOCUMENT IS
...QUIRED. HAND CARRY DURING ROUTING,
...PECIAL ADMINISTRATIVE DISTRIBUTION
...NTROLS SHALL NOT BE USED. ACCESS
... THIS DOCUMENT MUST BE LIMITED TO
...OSE WHO ...

UNCLASSIFIED
~~SECRET~~

SC Exc

3091

CLASSIFIED BY: DASP (U)

UNCLASSIFIED

[redacted]

DACS-DMP
SUBJECT: Project CROCUS (U)

c. There should be no further release of materiel until the above occurs and a legal position is established.

Robert T. Howard
ROBERT T. HOWARD
Colonel, GS
Chief, Technology Management Office

: This memo was read by SA on 16 Oct 86. Mr Marsh and BG Cavezza visited Mr Taft on the subject on 24 Oct 86. At present the action is "on hold" pending further guidance from Mr Taft. 17 Nov 86

UNCLASSIFIED

UNCLASSIFIED

26 Nov 86

DEPARTMENT OF THE ARMY
OFFICE OF THE GENERAL COUNSEL
WASHINGTON, DC 20310-0104

[redacted]

26 November 1986

S. CRAWFORD EX. #7

MEMORANDUM FOR THE DEPUTY CHIEF OF STAFF FOR LOGISTICS

SUBJECT: Department of Justice Questions

During a meeting at the Department of Justice between Mrs. Crawford and Mr. Chuck Cooper, Assistant Attorney General, the Department of Justice requested that the Army provide answers to the following questions:

1. Provide a reconstruction of the fluctuations in condition Code A assets for the basic TOW missile going back to 1 July 1985. AMC
2. Provide the FMS price of basic TOW from stock and break out the elements of this price. SA
3. Does the Department of State or the Department of Defense have a policy which precludes approval of export licenses for direct commercial sale of TOW missiles and requires all sales to other governments be by FMS? SA
4. Does the Army have any record of requests for price and availability of TOW missiles from any other U. S. Government entity prior to the 18 January 1986 request? AMC SA
5. Provide the number of TOW missiles sold or transferred to Israel by grant, FMS, direct commercial sale, coproduction, or U. S. approved transfer from a third country and the dates of such transfers. SA

[redacted] Declassified/Released on 11FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED

5216

UNCLASSIFIED

6. Provide the same information relative to Israel as called for in question five for HAWK missiles and equipment. SA

7. With regard to questions 5 and 6, the Under Secretary has directed that the same information be compiled for all Middle East countries. SA

Request that your office compile answers to these questions as soon as possible and provide them to me for transmission to the Department of Justice.

Susan J. Crawford

Susan J. Crawford
General Counsel

UNCLASSIFIED

26 NOV 86

UNCLASSIFIED
SECRET

DEPARTMENT OF THE ARMY
OFFICE OF THE GENERAL COUNSEL
WASHINGTON DC 20310-0104

CCM

26 November 1986

S. CRAWFORD Ex. #8

MEMORANDUM FOR RECORD

SUBJECT: Meeting with Department of Justice

(U) In response to questions raised by Mr. Chuck Cooper, Assistant Attorney General, Office of Legal Counsel, Department of Justice (Tab A), a meeting was held with Mr. Cooper at 1920 hours, 25 November 1986, in his office at the Department of Justice. Army representatives included Mrs. Susan Crawford (General Counsel), Mr. Thomas Kranz (Principal Deputy General Counsel), Mr. J. B. Emahiser (Deputy Director, Supply and Maintenance Directorate, ODCSLOG), Mr. Anthony H. Gamboa (Deputy General Counsel (Logistics)), and LTC Armbright (Log Accounts Office, ODCSLOG). In addition to Mr. Cooper, Mr. Brad Reynolds and Mr. John McGinnis represented the Department of Justice.

5217

(U) Mrs. Crawford began the meeting by stating that the formulation of the Justice questions necessitated some background discussion. Accordingly, a meeting was the best approach.

(U) Before addressing the specific questions asked of the Army, Mr. Cooper asked if a chronology of events existed concerning these transactions. LTC Armbright provided three documents, one a chronology for Project SNOWBALL and two chronologies on Project CROCUS. These documents along with others provided during the meeting are listed in and attached to classified ODCSLOG Memorandum for Record, subject: Projects SNOWBALL and CROCUS (U), dated 26 Nov 1986.

01144

(~~S~~) The Department of Justice attorneys asked several questions about the number and type of

Army Declassified/Released on 11FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED

Special Handling of this Document is Required. Handcarry During routing, Normal Administrative Distribution Channels Shall Not Be Used. Access To This Document Must Be Limited To Those Who Must Know The Information missiles transferred. Mr. Emahiser stated that the Army transferred a total of 2008. A quantity of 1508 were basic TOW in Condition Code A and 500 were I-TOWs modified to basic TOW at Anniston Army Depot. It was also pointed out that the original request from the CIA was for 4509 (oral request). To meet this requirement a check was made of Condition Code A assets.

(U) A determination was then made to convert 2500 I-TOW to basic TOW. Justice was also informed that the 2008 were shipped in three increments, the first of 1000, the next of 508 and the last of 500.

(U) Mr. Cooper asked several questions about the numbers requested and fluctuations in Condition Code A assets. The Justice attorneys appeared to attach great significance to the quantity of 508 which constituted the second shipment. Mr. Cooper then requested that the Army reconstruct the fluctuations in Condition Code A assets going back to 1 July 1985. He also wanted to know if the Army had any record of requests by any source for price and availability figures for TOW assets prior to the instant order of 18 January 1986.

(U) The discussion next turned to "valuation," the scope of the initial DOJ questions. Mr. Gamboa and Mr. Emahiser explained that the transfer was made between governmental agencies under authority of the Economy Act, 31 U.S.C. § 1535. Mr. Gamboa explained that use of the term "value" was not technically correct and that different costs were charged depending on the type of transaction involved. Army Regulation 37-60 (based on DoD 7220.9-M and 4000.19R) called for charging the standard price for sales to other government agencies. This standard price is based on the current procurement or production cost of the item at the time the price is established. For the TOW missile the standard price is published in the Army Master Data File (AMDF) and is $3169 for basic TOW, the last basic TOW contract price of 1976. Mr. Gamboa pointed out that a different formula was used for FMS pricing under applicable regulations based on the Arms Export Control Act. The Army personnel did not have an accurate FMS price and were not prepared to speculate. However, it was stated that the FMS price for basic TOW would likely be higher. Mr. Cooper then requested the FMS price for a basic TOW from Army stocks. Mr. Cooper also asked what a basic TOW would cost today. Mr. Emahiser answered that based on Army estimates, the price would be about $8400.

(U) The Justice attorneys also asked what the most favored nation, such as Israel, cost for TOW would be. Mr. Gamboa stated that "most favored nation" was not a term used in the Security Assistance contract. There are not separate costs depending on the customer involved. However, some countries would be eligible for military assistance or credit. In short, there was not a separate FMS price for Israel. Mr. Gamboa also provided some explanation of Security Assistance procedures and the applicability of the Foreign Assistance Act and the Arms Export Control Act. For additional detail, Mrs. Crawford referred Justice to Mr. Jerome Silber, the DSAA Counsel.

(U) Mr. Cooper also stated that he understood that TOW missiles were only available through FMS and that they could not be sold directly by U. S. industry. He asked if such a policy existed. Mr. Gamboa explained that industry required an export license to transfer Munitions List items to other governments. These licenses were granted by the State Department who coordinated with the DOD in significant cases. Army representatives were unsure of the policy cited by Mr. Cooper, but agreed to look into the matter. The Justice attorneys also inquired whether TOWs were available from other countries. Mr. Gamboa answered that other countries may be authorized to coproduce TOW, but that the United States required its approval before a coproducing country could sell to a third country.

(S) In reviewing the chronologies, Mr. Cooper inquired about who directed the Army to provide the equipment to the other agency. Reference was made to MG Russo's MFRs and these were provided to Justice. Mrs. crawford explained that this was an "off line" transaction which did not follow normal procedures. Mr. Cooper asked who tasked the Army. However, the Army representatives present did not know and Mrs. Crawford stated that he would have to ask LTG Russo. There were, however, references to MG Powell in the margins of MG Russo's MFR. Mrs. Crawford also made reference to her memoranda to the Secretary of the Army upon learning of the possible existence of off-line transactions.

(S) The Justice attorneys next asked about the actual procedures of the transfer which LTC Armbright provided in detail. He stated that he had letters from CIA certifying fund availability and requesting shipment. He also had copies of checks and transfer receipts. Justice asked for copies of the CIA letters.

(U) In closing Mr. Kranz asked what the purpose of the Justice inquiry. Mr. Reynolds responded that they were trying to reconstruct the entire transaction and determine how the entire complex affair fit together. He also stated that the congressional hearings were very likely and that the Administration should conduct its own inquiry of what happened.

(U) A list of all the Justice questions was provided by memorandum from the General Counsel to the DCSLOG dated 26 November 1986 (Tab B).

(U) The Justice attorneys expressed their appreciation to the Army representatives for their responsiveness and cooperation.

Anthony H Gamboa
Anthony H. Gamboa
Deputy General Counsel (Logistics

CLASSIFIED BY: DASP(U)

DECLASSIFY ON: OADR

UNCLASSIFIED SENSITIVE

DEPARTMENT OF THE ARMY
OFFICE OF THE GENERAL COUNSEL
WASHINGTON DC 20310

26 November 1986

MEMORANDUM FOR THE DEPUTY CHIEF OF STAFF FOR LOGISTICS

SUBJECT: Department of Justice Questions

During a meeting at the Department of Justice between Mrs. Crawford and Mr. Chuck Cooper, Assistant Attorney General, the Department of Justice requested that the Army provide answers to the following questions:

1. Provide a reconstruction of the fluctuations in condition Code A assets for the basic TOW missile going back to 1 July 1985.

2. Provide the FMS price of basic TOW from stock and break out the elements of this price.

3. Does the Department of State or the Department of Defense have a policy which precludes approval of export licenses for direct commercial sale of TOW missiles and requires all sales to other governments be by FMS?

4. Does the Army have any record of requests for price and availability of TOW missiles from any other U. S. Government entity prior to the 18 January 1986 request?

5. Provide the number of TOW missiles sold or transferred to Israel by grant, FMS, direct commercial sale, coproduction, or U. S. approved transfer from a third country and the dates of such transfers.

36 July 87

SENSITIVE

6. Provide the same information relative to Israel as called for in question five for HAWK missiles and equipment.

7. With regard to questions 5 and 6, the Under Secretary has directed that the same information be compiled for all Middle East countries.

Request that your office compile answers to these questions as soon as possible and provide them to me for transmission to the Department of Justice.

Susan J. Crawford

Susan J. Crawford
General Counsel

UNCLASSIFIED

UNCLASSIFIED

Chuck Cooper
Assistant Attorney General
Office of Legal Counsel
Department of Justice
Room 5214
[redacted]

1. What is the value of the item (TOW/HAWK spare parts) to the U.S. taxpayer? (Cooper called this the "arms-length" value)

2. What is the value of the item as it sits in the Army's inventory? How does the Army assign this value?

3. Is the value/cost charged to a favored nation like Israel less than the value/cost charged to other nations? (FMS)

*Mr. Cooper wants to approach the valuation question from every conceivable angle on all items that left Army inventory.

[illegible] 30 July 87
[illegible] E.O. 12356
[illegible]

[illegible]FIED

1 Dec 86

UNCLASSIFIED

1 Dec. 86
LTG Vince Russo
3125 Am
Brief on FBI Interview

DEPARTMENT OF THE ARMY
OFFICE OF THE GENERAL COUNSEL
WASHINGTON, DC 20310

Partially Declassified/Released on 11 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

Bane
Dan S
> FBI

5218

[redacted]

① Confusion [redacted] vice DCSLOG

② Chronology :
- Register → Russo tasking
- no knowledge of Pres. Finding at outset - learned from Powell later.
- S.A. proper notification - Russo to C. Powell
- Downgrade of ITOW - Russo decision based on urgency of requirement + price at basic TOW.
- Destination unknown
- [illegible]

S. CRAWFORD EX. #9

UNCLASSIFIED

[redacted]

cn

[redacted]

-2-

DEPARTMENT OF THE ARMY
OFFICE OF THE GENERAL COUNSEL
WASHINGTON, DC 20310

- Asked if knew others - answer no.
- Spare parts transaction - in MFR

SJC

12 Dec 86

GENERAL COUNSEL OF THE ARMY
WASHINGTON, D.C. 20310

12 December 1986

Larry

NOTE FOR THE ~~GENERAL CO~~UNSEL
DEPARTMENT OF DEFENSE

As you requested, attached is an Information Paper for the Secretary of Defense on the pricing of TOW missiles.

As I know you are aware, the Department of the Army Inspector General is currently investigating how the error in pricing occurred.

Susan
Susan J. Crawford

Attachment

~~Partially~~ Declassified/Released on 11FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5219

EX 10
6/15/87

UNCLASSIFIED

UNCLASSIFIED

INFORMATION PAPER

SUBJECT: TOW Missile Pricing Action

1. (S) Purpose: To provide the Secretary of Defense with information on how the price for TOW missiles transferred to the CIA was determined.

2. (S) Facts:

a. (S) The initial request on 18 Jan 86 for missiles was a Basic TOW missile, (BGM-71A) (NSN 1410-00-087-1521). The initial price quoted, $3,169 was correct for the BGM-71A. On or about 26 Jan the request was modified to serviceable condition code A missiles (Basic missile with Missile Ordnance Inhibit Circuit (MOIC). This changed the configuration of the orginally requested missile to a BGM-71A2 (NSN 1410-01-139-1512) which had an AMDP price of $8,435. A pricing error was made at that time. The price charged was $3,469 ($3,169 plus the cost of the MOIC, $300) rather than charging the AMDP price of $8,435 for the BGM-71A2.

b. (S) The final 500 missiles were I-TOWS that were converted to Basic TOWS with extended range, BGM-71A1 (NSN 1410-01-007-2507) by exchanging warheads, because an adequate number of BGM-71A2s were not available. The correct AMDP price for the BGM-71A1 was $8,435. Another pricing error was made. The same price of $3,469 was charged for the final 500 missiles.

c. (S) The DAIG is investigating all the facts and circumstances concerning the TOW missile transfer. They have not completed their investigation at this time.

d. (S) Summary:

BGM 71A TOTAL MISSILES REQUESTED - 4508

BGM 71A2 (Basic TOW)		
	Prepared	2008
	Shipped	1508*
	In storage	500
BGM 71C (I-TOW) converted to BGM 71A1		
	Prepared	2500
	Shipped	500*
	In storage	2000

* Total Missiles Shipped 2008

[redacted] Declassified/Released on 11FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

CLASSIFIED BY: DASP (U)
DECLASSIFY ON: OADR

UNCLASSIFIED

SECRET

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE

WASHINGTON, D.C. 20301

MEMORANDUM FOR SECRETARY OF DEFENSE

SUBJECT: TOW Missile Transfer Pricing - INFORMATION MEMORANDUM

(U) The DAIG is investigating all the facts and circumstances concerning the TOW missile transfer. The investigation is not yet complete, but the facts presently known are set forth below.

(S) The initial request on January 18, 1986 was for a Basic TOW missile, (BGM-71A)(NSN 1410-00-087-1521). The Army quoted a price of $3,169, which was correct for the BGM-71A. On or about January 26 the request was modified to require "Condition Code A" missiles (Basic TOW with Missile Ordnance Inhibit Circuit (MOIC), a safety device). The Army's cost of adding a MOIC to a 71A was $300 per missile. The price to be charged was therefore changed to $3,469. However, the Army had no MOICs in stock and could not effect the modification. Instead, the Army could fulfill the request only by providing another basic TOW (BGM-71A2) which already included a MOIC. Further repricing was either not considered, or was rejected (investigating to determine which), because the MOIC was seen as the only significant difference between the 71A and the 71A2. However, the 71A2 (NSN 1410-01-139-1512) had been built later than the 71A, and had a price of $8,435 in January 1986. 1508 units shipped. Undercharge: $7,488,728.

(S) The last 500 missiles shipped were I-TOWs that were converted to Basic TOWs with extended range, BGM-71A1 (NSN 1410-01-007-2507) by exchanging warheads, because not enough BGM-71A2s were available. The same price of $3,469 was charged for these missiles because of the same error described above. (The correct price for the BGM-71A1 was $8,435.) The $300/unit charge for MOICs in this transfer was an error in the Army's favor, because these missiles were inadvertently provided without MOICs. 500 units shipped. Undercharge: $2,333,000. Total undercharge: $9,821,728. (Undercharges approximate; certain associated costs still under review.)

SUMMARY (S)
BGM 71A TOTAL MISSILES REQUESTED - 4508
TOTAL MISSILES SHIPPED - 2008

BGM 71A2 (Basic TOW)	
Prepared	2008
Shipped	1508
In Storage	500

BGM 71C (I-TOW) converted to BGM 71A1 (w/o MOIC)	
Prepared	2500
Shipped	500
In Storage	2000

[redacted] Declassified/Released on 11FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

H. Lawrence Garrett, III

[illegible]

15 Dec 86

SECRET

DEPARTMENT OF THE ARMY
OFFICE OF THE GENERAL COUNSEL
WASHINGTON, D.C. 20310

REPLY TO
ATTENTION OF

15 December 1986

MEMORANDUM FOR THE SECRETARY OF THE ARMY
CHIEF OF STAFF
UNDER SECRETARY OF THE ARMY
VICE CHIEF OF STAFF

SUBJECT: Project SNOWBALL (U)

(S) The General Counsel, Department of Defense, asked me to inform you that the Secretary of Defense has directed the Department of Defense to discontinue support of Project SNOWBALL. Accordingly, the 2,500 TOW missiles at Anniston Army Depot will not be transferred to the Central Intelligence Agency. These missiles, however, should continue to be retained in their present state pending completion of all ongoing investigations.

Susan J. Crawford
Susan J. Crawford
General Counsel

[redacted] Declassified/Released on 11 FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5220

UNCLASSIFIED

Ex 11
6/15/87

18 Dec 86

UNCLASSIFIED

DEPARTMENT OF THE ARMY
OFFICE OF THE DEPUTY CHIEF OF STAFF FOR LOGISTICS
WASHINGTON, D.C. 20310-05

18 DEC 1985

DALO-ZA/ME.GC1

MEMORANDUM FOR THE GENERAL COUNSEL, DEPARTMENT OF THE ARMY

SUBJECT: Background Information - TOW Missiles and Hawk Missile Repair Parts (U)

(S) Enclosed are ten questions and answers concerning the transfer of TOW Missiles and Hawk Missile Repair Parts to another U.S. Government Agency. The [illegible] ~~Army~~ had no knowledge at the time regarding the subsequent retransfer of these assets.

Encl

Benjamin F. Register Jr.
BENJAMIN F. REGISTER, JR.
Lieutenant General, GS
Deputy Chief of Staff
for Logistics

CF:
Secretary of the Army
Under Secretary of the Army
Chief of Staff, Army
Vice Chief of Staff, Army
The Inspector General
Office of the General Counsel (Mr Gamboa)

[redacted] Declassified/Released on 11FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5221

Classified by: DASP (U)
Declassify on: OADR

EX 12
6/15/87 mr

UNCLASSIFIED

UNCLASSIFIED
SECRET

1. Q: WHAT PRICE DID DOD CHARGE FOR THE MISSILES?

A: A unit price of $3,469.00.

2. Q: HOW WAS THE PRICE COMPUTED?

A: The $3469 per item cost equals the Army Master Data File (AMDF) price for a Basic TOW (model no. BGM 71A) plus the cost of the Missile Ordnance Inhibit Circuit (MOIC) ($3169 + 300 = $3469). It has been discovered that the AMDF has an entry for a Basic TOW Missile with a MOIC (model no. BGM-71A-2) with a range of 3000 meters priced at $8435 (in Jan 86). This fact was missed due to the restricted nature of the action and time constraints. The only difference between the two(2) missiles is a MOIC installed at the depot. The Army never procured Basic TOW Missiles with a MOIC. Rationale for price changes is under investigation.

3. Q: THE PRICE CHARGED IS IN 1976 DOLLARS. WHY WASN'T IT ADJUSTED FOR INFLATION OR CURRENT MANUFACTURING/REPLACEMENT COST?

A: The AMDF price is based on the last price paid by the Government for an item. This includes the manufacturers cost plus the cost of Government Furnished Equipment (GFE) and associated administrative costs. The provisions of AR 37-60 (par 2-6 and Tables 2-1 and 2-2) provide for reductions on reimbursable transfers to purchasers outside of the Department of Defense. Factors of age, deferred maintenance, and repairs influence the utility or desirability of an item and should be used for price reductions of items when reimbursable transactions are made. These factors were not considered. Rationale for price changes is under investigaton.

4. Q: WHAT TYPE AND HOW MANY MISSILES WERE SHIPPED?

A: A total of 2008 Basic TOW Missiles were transferred in three seperate shipments (1000, 508, and 500 each). The final 500 shipped were Basic TOW Missiles that were originally configured as I TOW Missiles. These missiles were converted by exchanging the I TOW warheads with Basic TOW Missile warheads taken from a stockpile of excess Basic TOW Missile warheads.

UNCLASSIFIED
SECRET

5. Q: WHY WERE I TOWS CONVERTED TO BASIC TOW?

A: The customer requested 4508 Basic TOW Missiles (model no. BGM-71A) and subsequently the customer requested that the missiles be in Condition Code A (i.e., no restrictions or limitation on use). Sufficient quantities of Basic TOW Missiles in Condition Code A were not available in the 45-day time frame specified by the customer due to a lack of MOICs. A total of 2500 I TOW Missiles were converted to Basic TOW Missiles. The Basic TOW Missile warheads came from a stockpile of excess TOW Missile warheads being considered for demilitarization.

6. Q: WAS THE PROPER PRICE CHARGED FOR THE MISSILES?

A: The initial missile request on 18 Jan 86 was for a Basic TOW Missile, (BGM-71A) (NSN 1410-00-087-1521). The initial $3,169 price quoted was correct for the Basic TOW Missile without MOIC, BGM-71A. On or about 28 Jan the request was modified to serviceable Condition Code A missiles (Basic TOW Missile with Missile Ordnance Inhibit Circuit (MOIC)). This changed the configuration of the originally requested missile to a Basic TOW Missile with MOIC, BGM-71A2 (NSN 1410-01-139-1512) which had an AMDF price of $8,435. A pricing error was made at that time. The price charged was $3,469 ($3,169 plus the cost of the MOIC, $300) rather than charging the AMDF price of $8,435 for the BGM-71A2. The final shipment of 500 missiles were I-TOW Missiles (range 3750 meters). These had been converted back to Basic TOWs (with extended range, BGM-71A1 (NSN 1410-01-087-2507)) by exchanging warheads because an adequate number of BGM-71A2s were not available. The correct AMDF price for the BGM-71A1 was $8,435. Another pricing error was made. The same price of $3,469 was charged for the final 500 Basic TOW Missiles. The following table provides a summary of shipments.

SECRET

SUMMARY OF TOW MISSILE TRANSFERS
BGM 71A TOTAL MISSILES REQUESTED - 4508

BGM 71A2 (Basic TOW with MOIC)	
Prepared	2008
Shipped	1508*
In storage	500
BGM 71C (I-TOW) converted by changing warheads to BGM 71A1 (Basic TOW with Extended Range)	
Prepared	2500
Shipped	500*
In storage	2000

* Total Missiles Shipped 2008

The DAIG is investigating all the facts and circumstances concerning the TOW missile transfer. They have not completed their investigation at this time.

7. Q: WERE FMS PRICING PROCEDURES FOLLOWED? WHY?

A: No, this was not an FMS transaction but rather a transfer to another U.S. Government agency accomplished under the Economy Act. This transfer was consistent with previous transactions and has been determined to be proper and in compliance with the law. FMS pricing procedures only apply to sales to foreign countries and utilize a pricing system that allows the Government to recoup various developmental and engineering costs, recurring support costs such as shelf-life surveillance, documentation changes and technical assistance. It should also be noted that FMS prices may be discounted for expended useful life.

8. Q: HOW MANY REPAIR PARTS FOR THE HAWK SYSTEM WERE TRANSFERRED?

A: 218 different line items were transferred.

9. Q: WHAT PRICE DID DOD CHARGE FOR THE PARTS? HOW WAS IT COMPUTED?

A: The price for each part was the standard unit price published on the Army Master Data File (AMDF) or was consistent with the current contract price. The AMDF unit price was then multiplied by the number of units

SECRET

UNCLASSIFIED

provided to develop the extended price for each line. To this price is added an additional charges for transportation and Packing, Crating and Handling (PC&H).

10. Q: HOW MUCH MONEY HAS DOD RECEIVED FOR THESE ACTIONS INVOLVING TOW AND HAWK PARTS?

ITEM	COST BUILDUP DESCRIPTION	COST	COST BILLING $ BILLED	COST BILLING REMARKS
TOW Modification Effort (Note 1)				
-	Direct Labor Regular hours - (5,881 hrs)	103,002.21	$377,720.00	reimbursed
	Overtime hours - (4,741 hrs)	79,955.65		
	Indirect Labor	184,311.74		
	Gen Administration	10,163.70		
	I TOW Warhead return to factory	186.00		

ITEM	COST BUILDUP DESCRIPTION	COST	COST BILLING $ BILLED	COST BILLING REMARKS
TOW Shipment (13 Feb 86) Materiel			$3,469,000.00	Reimbursed
	Missiles (1000 x $3,169)	$3,169,000.00		
	MOIC (1000 x $300)	300,000.00		
O&MA Costs			$ 15,691.00	Reimbursed
	Transportation of cargo nets from FT Campbell to RSA (Note 2)	1,200.00		
	Security Guards at Airfield & Loading Area (Note 3)	7,650.00		
	Trip to Little Rock Tvl & Per Diem (Note 2)	900.00		
	Redstone Labor & Materiel (Safety inspector, carpenters, Trans. Officer, PC&H)	5,941.00		
	TDY - 2 Trips to RSA	548.00	$ 548.00	Ticket cost submitted thr SATO. No Per Diem chgs

SECRET

UNCLASSIFIED

UNCLASSIFIED
SECRET

TOW Shipment (19 May 86) Materiel			~~[illegible]~~,252.00	Reimbursed
	Missiles (508 x $3,169)	$1,609,852.00		
	MOIC (508 x $300)	152,400.00		
O&MA Costs			$ 7,500.00	Reimbursed
	Transportation w/escort From Anniston to RSA (Note 4)	3,383.00		
	Security Guards at loading area	157.00		
	Redstone Labor & Materiel (as above)	3,960.00		
	TDY for HQDA POC from Washington to RSA	600.00 estimate		Per Diem filed Ticket cost submitted thru SATO channels

ITEM	COST BUILDUP DESCRIPTION	COST	COST BILLING $ BILLED	REMARKS
TOW Shipment (3 Nov 86) Materiel			$1,734,500.00	(Note 5)
	Missiles (500 x $3,169)	$1,584,500.00		
	MOIC (500 x $300)	150,000.00		
O&MA Costs				
	Transportation w/escort From Anniston to RSA	3,383.00	3,383.00	
	Security Guards at Loading Area	157.00	157.00	
	Redstone Labor & Materiel (Safety inspector, carpenters, Trans. Officer, PC&H)	3,960.00	3,960.00	
	TDY for HQDA POC from Washington to RSA	600.00 estimate	$207.00 Per Diem file $274.00 Ticket cost submitted thru SATO channels	

UNCLASSIFIED
SECRET

UNCLASSIFIED

HAWK Missile
Repair Parts

AMC			
Materiel (218 line items)	$4,040,835.05	$3,162,259.86	(Note 5)
Transportation	5,000.00		
PC&H	141,429.22		
TDY	1,000.00		
DLA			
Materiel	141,703.12	$123,998.24	(Note 5)
Transportation	2,000.00	384.00	(Note 5)
PC&H	4,959.00	0.00	Incl w/materiel.
USAF			
Materiel	385.25		
Transportation	100.00		
PC&H	14.00		

(1) Upon request for detailed breakout a rounding error of $100.00 was identified. This is being resolved.
(2) Air shipment preparation required AF463L pallets be acquired. A USAF reserve unit in Little Rock loaned them to RSA. Cargo nets also required for air shipment.
(3) Original plan was to ship by air from RSA Airfield. This required security. Customer delays resulted in constant security for an extended period of time.
(4) New DOD policy in effect which requires additional guards and escort vehicles
(5) Bills received to date. Being processed for reimbursement.

UNCLASSIFIED

UNCLASSIFIED

15 JAN 87

DEPARTMENT OF THE ARMY
OFFICE OF THE GENERAL COUNSEL
WASHINGTON, D.C. 20310

15 Jan 87

Susan,

The attached memo to the DAS is in response to a request for FOIA status from the Independent Counsel to OSD.

After speaking to Rich Fay, I drafted the memo to limit our response to requests received within HQDA.

George

UNCLASSIFIED

Declassified/Released on 11FEB 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5222

S. CRAWFORD EX. #13

EX. 1[illegible]
6/15/87 RS

UNCLASSIFIED

SAGC/Mr.Peirce/bd/18Jan87

15 JAN 1987

MEMORANDUM FOR THE DIRECTOR OF THE ARMY STAFF

SUBJECT: Status Report on Freedom of Information Act Requests Related to the Transfer of Arms to Iran

The Independent Counsel investigating the transfer of TOW missiles and HAWK system repair parts to Iran has requested that OSD provide information on Freedom of Information Act (FOIA) requests received concerning this matter. Please provide me with copies of all such FOIA requests received within HQDA, along with information on their status (i.e., pending response, full release, partial release, or total denial of information requested).

The DOD General Counsel has asked that I provide this information by Wednesday, 21 January 1987.

(Signed) Susan J. Crawford

Susan J. Crawford
General Counsel

ASG
OGC
Mr.Peirce
Mrs.Crawford

[redacted] Declassified/Released on 11FEB88
under provisions of E.O. 12356
by K. Johnson National Security Council

UNCLASSIFIED

~~SECRET~~ UNCLASSIFIED

N51TS-101

ORIGINAL

BOYUM/mas

DEPOSITION OF ADMIRAL WILLIAM J. CROWE, JR.

Thursday, June 18, 1987

U.S. House of Representatives,
Select Committee to Investigate
Covert Arms Transactions with Iran,
Washington, D. C.

The Committee met, pursuant to call, at 1:45 p.m., in Room H-128, the Capitol, Joseph Saba presiding.

Present: Joseph Saba, Roger Kr~~ua~~eyzer and Bob Genzman, on behalf of the House Select Committee.

John Saxon, on behalf of the Senate Select Committee.

Also Present: Colonel Richardson, Office of General Counsel, U.S. Army, OJCS.

3929

Partially Declassified/Released on 10 Sep 87
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

2A of 4

Whereupon,

ADMIRAL WILLIAM J. CROWE, was called as a witness, and after having been first duly sworn, was examined and testified as follows:

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. SABA:

Q Sir, for the record would you please state your name, your rank, your current station and duties.

A William J. Crowe, Jr., I am an Admiral in the U.S. Navy, Chairman of the Joint Chiefs of Staff.

Q Admiral Crowe, we have had a discussion prior to this deposition and I believe you met once on an earlier occasion with Mr. Saxon from the Senate Select Committee.

MR. SAXON: And Roger Kreuzer. April 10, 1987.

BY MR. SABA:

Q And that the purpose of that discussion was to review the matters on the Iran issue, what has become known as the Iran Initiative as well as certain assistance provided to the contras.

With respect, sir, to the Iran Initiative, could you tell us when you first came to know of the transfer of HAWKs and TOWs to Iran and the circumstances by which you came to know?

A Well, I was first aware that transfers had been made to Iran I believe in late June of 1986.

I came into my post on the First of October in 1985 and had not been in there very long until I began to see various pieces of information concerning and regarding our hostages in Beirut. I then from then on occasionally saw [redacted] and was briefed occasionally on matters concerning the hostages and proposals that might be made to either free the hostages or improve that situation.

I have a special assistant, General Moellering who attends a great many meetings on my behalf around town and one of the groups that he belonged to was the TWG, I believe that is the Terrorist Incident Working Group.

MR. SAXON: And General Moellering is Lt. General John Moellering, Army General?

THE WITNESS: Yes, and his title is special assistant to the Chairman.

This group as I understand it is siezed with terrorist problems, incidents, counters, and a great many covert, or I should say a great deal of covert information regarding terrorists and U.S. plans to do something about it.

In late June General Moellering attended a meeting and I must tell you that late June is the best that he and I can pin down. I am not absolutely confident the day or the week of this information, but in later reconstruction I am pretty sure we are -- it is either late June or early July that he attended a meeting where there were some references made to arms transfers to Iran, which confused him. He had not heard of this. He didn't understand what it was about and when he raised some questions, one of the attendees from our Department, Rich Armitage said, "I will talk to you about it later, John."

They returned to the Pentagon and Rich Armitage told John Moellering about in a sort of general fashion, about some of the things that had been going on with Iran and in particular, that some arms transfers had been made to Iran.

Whereupon John Moellering came in to see me and told me or repeated his conversations with Armitage.

BY MR. SABA:

Q When do you recall that he told you specifically in that conversation?

A That evidently there had been some contacts made between I believe he said North and the Iranians and that he wasn't aware of all the substance of those contacts, but that one of the purposes was to deal with the hostages and that evidently was the reason it came up in the TWG and that in the process some arms transfers had been made to Iran, specifically TOW missiles.

Q Did he tell you when those TOWs had been transferred?

A No, he did not.

Q Did General Moellering provide you information about how many or the circumstances?

A We were under the impression it was somewhere between a thousand and 1500.

Q Did he indicate whether or not the transfers had taken place in 1985?

A No. He did not know exactly when the transfers had taken place. Or if he did he did not repeat it to me.

Q So he relied for his information on the oral briefing, at this point from an oral briefing of Secretary Armitage and he conveyed that information to you and that involved TOW missiles in 1986 of 1000 to 1500. That was my understanding.

MR. KREUZER: And -- excuse me.

BY MR. SABA:

Q And upon hearing this information, did you inquire further to seek additional information?

A Well, he and I talked about it and I told him that if he had any additional information he was to give it to me.

Q And did he do so?

A We came back and talked a couple of times about, number one, what we felt the impact of it was and if he had heard anything else that would nail it down, and he said that -- well, he didn't change the original estimates at all. But, no, there was nothing on dates or more specifics of the deliveries.

Q Did he discuss anything about HAWKs?

A I believe we did subsequently in another meeting shortly after that, he had learned that there were some spare parts on HAWKs but he did not know how much or any of the details.

Q Were HAWK missiles or HAWK missile systems discussed?

A Between he and I?

MR. SAXON: Separate from HAWK repair parts.

BY MR. SABA:

Q As opposed to HAWK repair parts.

A No, not as part of the transfers, no. At no time did I hear HAWK missile launchers had been transferred.

Q Did you understand at the time that the transfers were coming from the United States Army?

A Yes.

Q Did you come to know of the mechanisms for those transfers?

A No, not until the story had become more public.

Q When did you first learn that the TOWs which were transferred in 1986 were transferred from the Army's point of view pursuant to the Economy Act type transfer to the CIA?

A When I talked to Secretary Weinberger.

Q And when was that, sir?

A A few -- within 2 or 3 weeks after that.

Q You are referring to November 1986?

A The middle of the summer 1986.

Q I understand. So in the middle of the summer 1986 then you spoke to the Secretary on this matter?

A Yes.

Q Was this a -- at his initiative?

A No, at my initiative.

Q At your initiative. Did you seek to speak with him specifically on this issue?

A Yes. We were alone and I told him I had learned of it and we talked about it for a few minutes.

Q Can you please relate to us the substance of this conversation?

A Well, I was interested in whatever background he could tell me and why I had not been kept informed, and he told me that he had known about it for some time and that he had opposed it and that the decision had been made by the President and that there had been some transfers in a specific way in order to keep distribution to a low level, and that it was his understanding that a conscious decision had been made that it was not a military matter so it was not necessary to bring in the military and that he had made strong representations opposing it, and that it was an accomplished fact and we talked in a few more minutes and both agreed that the Commander-in-Chief of the United States can do what he wants to do. That is within his purview.

Whether it is wise or not is a separate question.

MR. SAXON: Did you agree with Secretary Weinberger's definition of what constitutes a military matter?

THE WITNESS: I don't know that he told me what constituted a military matter, no.

BY MR. SABA:

Q Did he indicate there would be additional transfers following that summer?

A No, he did not, if he knew about it he didn't say. I really had the impression that it was winding down if not completed.

Q Did he indicate, provide you with information regarding the legalities of that?

A No, we did not talk about a finding.

Q So there is nothing about a finding?

A No.

Q Or the Economy Act transfer?

A No.

Q Or the financial details?

A No.

Q Okay.

A I clearly concluded number one, it was intended as a covert operation, it was a sensitive matter and that obviously some deliberate decisions had been made to do it in a certain way which didn't include me.

Q Did the Secretary make a reference to transfers in 1985?

A No, he did not.

Q By Israel?

A No, he did not.

Now, Israel -- I had never heard that mentioned by Moellering or the Secretary.

Q Sir, independently of the Secretary and General Moellering and prior to November of 1986 when these matters became public, did you have information brought to your attention or did you acquire information from whatever source that Israel had or was in the process of making a transfer of weapons to Iran?

A No, I was not aware of that.

Q Sir, I would like to show you a document that I would like to make an exhibit in this deposition, and I suspect you have not seen it before so we will take a few minutes to review it. It is referred to as a Prof note.

(Exhibit Crowe No. 1 was marked for identification.)

BY MR. SABA:

Q The date and time of the message is at the bottom, I would call your attention to that if I may, sir.

A Okay.

Q My question is not about the specifics of [redacted] which is referenced but several other matters.

As you might notice from the note and the date which is March of '86, apparently there were some discussions with General Moellering about [redacted] and putting a request through the [redacted] system and this involved discussions with Oliver North who is the author of this paper.

He also makes reference to General Secord being upset about the [redacted] system.

Do you recall becoming involved in the request in connection with [redacted]

A This specific request?

Q Yes, sir.

A I am not quite sure what the request is for.

Q Well, apparently the request was a request which they wanted to put through the [redacted] system from the agency to DoD to provide certain equipment and backup assistance.

A Incidentally we have a number of these, you understand. This goes on all the time, particularly as we were dealing with specific hostages, et cetera. We also had a number of operations which started and never came to anything that were handled with the [redacted] system, et cetera, et cetera.

MR. SAXON: We have no interest, sir, in getting into anything that is operational.

MR. SABA: Right.

MR. SAXON: Not even --

THE WITNESS: My instincts tell me that is what this was.

BY MR. SABA:

Q Would most of these have gone through General Moellering?

A Yes.

Q And come to your information?

A Yes, I think so.

Q We have provided that information to you in most cases.

A Yes. Yes.

Q So that you were generally informed about all matters?

A I felt I was. Matters where we had a role in furnishing [redacted] furnishing trained people or furnishing some equipment [redacted]

Q I take it you understand that the transfers in 1986 and for that matter 1985 did not go through the [redacted] system?

A Yes.

Q Just to leave this for a moment, do you recall making an inquiry as to why they did not go through the [redacted] system in the case of the earlier transfer?

A As it was explained to me this was set up at NSC request to do this. Part of the [redacted] system was used but not the normal [redacted] system.

Q All right.

Do you know of any other requests from the CIA which bypassed the [redacted] system?

A No, we have not. And in retrospect we have tried to track down whether there were any and so forth.

Q Thank you. Do you recall being briefed by General Moellering in this time frame as to a [redacted] system request in connection with [redacted]

A I don't recall it specifically, but I must tell you that we have had a number of these, quite a number of them.

Q There is an implication in this message that you may see that General Secord had been quite unhappy with the [redacted] system and there is some implication that the matter should be dealt with further, and the message at the bottom states that at some point in the not too distant future it would be good if you, Casey, Weinberger and Crowe, can sit down and review both [redacted] [redacted] and the OSG.

Do you recall if such a meeting shortly after this time took place?

A No, I do not.

Q He is writing to Admiral Poindexter at this point.

A I don't recall such a meeting.

Q In connection with this particular --

A The OSG I never go to OSGs. I don't know what --

Q General Moellering would be the person who would attend.

A He might. He has a whole series of those that he attends.

Q Do you recall in this time frame, sir, whether General Moellering might have informed you that the NSC and some others were involved in this operation and that it included General Secord?

A I don't recall him informing me of that. I would think that if his suspicions were aroused that he would have. I don't recall Secord's name ever coming up in any of those plans [redacted] or whatever.

Q Do you remember it coming up in the context of the transfers to Iran during '86 --

A When I was being informed about this?

Q Yes, sir.

A No, they were not. People who talked to me about it didn't seem to know the details.

Q I take it, sir, this is, today is the first day you have seen this message?

A Yes.

Q Had there been any other occasion on which a member of the NSC staff had brought a matter to your attention seeking to bypass the [redacted] system or complaining that it was unable to handle these matters?

A No, I don't think so. Now, you understand that as far as the [redacted] actually procuring equipment, et cetera, et cetera, the JCS is not in the process of procuring but they were in the [redacted] network to be kept informed from operational standpoint and on many operations we were asked to provide instead of getting a gun or something, that would be in the [redacted] network but would come from one of the services who happened to own the gun. We would be arranging [redacted] services, arranging clearances, we would be arranging some of the schedules and also notifying military commanders.

Q So I take it that even in the case of very closely held covert incidents that it is a general rule that requests from other agencies for DoD assistance would pass through the [redacted] system?

A [redacted] system, yes, and that is the mechanism that we assumed that would keep us informed.

Q I have gone through this line because we have gone through some conversation indicating that the incident of the TOW transfer was not informed to you or went through the [redacted] system. There was some implication that that is because it was covert, but what I obviously am trying to develop is that in virtually every other case that we are aware of, that you are aware of, even covert requests for assistance to the DoD pass through the [redacted] system.

A Oh, yes, absolutely. This is all covert.

Q So in your learning of this, I take it, that this TOW transfer incident was a unique surprise.

A That is absolutely correct.

Q In general, sir, are you now and were you then -- "then" being summer '86 -- satisfied with the response of the [redacted] system?

A I -- of course John Moellering and I talked about our participation and we didn't have any reason to object to the [redacted] system, but it became clear to me I think very quickly that I wasn't totally satisfied with the NSC relationship to the JCS.

Q All right, sir, that is exactly the next point I wish to go into, and that is what is that relationship and I would appreciate if you would expand on that statement further.

A Well, I can expand on it. I hope it is germane. I mean if you are just going to hear some of my own personal biases that I am not so sure are germane to what we are talking about at all, but it was my reluctant conclusion that there were military people on the NSC that in certain instances were willing to, in order to keep something closed for whatever the purpose, would say, well, we will provide the military advice. So you have the military input and you don't need to worry about going further afield outside of this very small select circle and I didn't necessarily appreciate that.

And that was a deduction, not a -- nobody told me that. This was over a period of time on a variety of issues.

Q How would the NSC, being relatively small staffed, acquire the means to provide that advice on military matters?

A Well, of course my theory was they didn't have the means. You better inquire of them. Of course they are speaking from experience in particular areas of their expertise, they were speaking from some time in the job and they were speaking from great knowledge of how the mechanism works and there were ways to -- obviously there were ways to manipulate the mechanism.

Now, from my perspective, if an item came to the National Security Planning Group or to the National Security Council, I was invited and I attended the meeting, and I immediately knew something was afoot or what the decision was and what was being discussed, and I had an input. But as in so many things in this town, the top level was sort of the tip of the iceberg, there is a whole huge iceberg of things going on at the working level, and so forth.

Q To focus and relate what you have just said to the matters we are currently concerned with, do you know of any studies done to relate or to assess the impact of the transfer of the TOWs and the HAWK parts and earlier TOWs and HAWK missiles to Iran given that Iran was then engaged in and is engaged in a war?

A When I learned about it I did considerable looking into it on my own initiative without -- I was dealing with a sensitive covert matter here which I was not necessarily supposed to know about, so I attempted to keep my own investigations, my own inquiries restricted and without connecting them to anything, but I looked at the TOW situation both in our own military and also what impact I felt it had on hostilities in the Iran-Iraq war as well as our ability to deal with it if we had to confront it.

I really didn't feel that the HAWK parts were going to be that crucial or critical one way or another. The TOWs worried me.

Q Why is that, sir?

A Well, we were transferring arms with some capability, at least that was my initial conclusion until I knew more about it, that was my conclusion. Of course the U.S. Army inventory at that time was about [redacted] TOWs. When we left Iran we left [redacted] TOWs in Iran. They had already run through that inventory, of quite a few TOWs. The TOWs we were transferring were [redacted] TOWs, 2000 of them, no launchers. My people thought that Iran probably had [redacted] launchers left, not fewer. That was just our best estimate.

I went back and looked over a lot of the information we had on the battles, how the TOWs had been used and our information was by no means complete, but I could find no evidence first of all that Iran had employed the TOWs in a very skilled fashion. As a matter of fact, it looked like they worked through the original inventory very quickly in '82 and '83 with very little result.

Q I take it you are basing your analysis on information which the Pentagon has at its disposal.

A And we follow the Iran-Iraq war further. This had nothing to do with anything. This is just the analysis of the battles we followed day by day, the way the Iranians and Iraqis were using tanks didn't necessarily lend itself to a TOW battle.

I could find no evidence after that, of course there was a little quid, there was no way to show how soon they would show up, I could find no evidence the TOWs were influencing the course of the war. Now, whether they influenced the course of the individual action or battle is another matter, and I couldn't really nail it down.

Q But to your knowledge, sir, prior to the time you did such an inquiry, do you know that resources of the Pentagon were employed prior to that transfer of TOWs initially?

A The arms transfer?

Q Yes.

A No, not to Iran, no.

Q So those transfers which you first learned in approximately June '86 had gone forward, correct me if I am wrong, had gone forward without the benefit of the analysis and the resource, the analytic resource of the Pentagon?

A That is correct.

Q And in your opinion, sir, did the NSC then in existence and the staff which we are acquainted with now that made its own decisions on these matters, did they have at their fingertips the kinds of resources to make these analytical decisions?

A They may have, but I am not aware of it. Now, they have access to the DIA, they have access to the studies of the battles and so forth like I do. They have access to the intelligence sources.

I think if I could express an opinion on it that they concluded that the number was so small that it was giving the size of the opponents and scope of the battle that it was not that important.

And to be frank about it, in retrospect looking at it I am not so sure it was. But I suspect that their judgment was an intuitive one, not an analytical one.

Q I take it that one purpose of the [redacted] system --

A Would be to draw our judgments in, absolutely.

Q And that by avoiding [redacted] system the transaction proceeds without the sure benefit of those procedures and analyses.

A Absolutely.

Q And in this case it proceeded without even the knowledge of the top military leadership?

A You are essentially right.

Now, please understand that the Commander-in-Chief, if he is playing for stakes he feels justifies something like that -- you can rationalize a move like that.

Q I do understand that, sir.

A You don't want to put it in a cut and dried light that everything must be done in a certain way for certain reasons where the Commander-in-Chief has no discretion or other way.

Q Do you know, sir, in looking back now and having perhaps looked at these events more closely, how it came to be specifically that the [redacted] system was bypassed? That is, it was a decision by the Commander-in-Chief.

A I think it was done by discretion.

Q And there was a finding -- well, do you know where that direction actually came from?

A No, I understood it came from the NSC but I do not know that personally.

Q I am as you appreciate trying to determine -- I understand that the Commander-in-Chief can make a decision. We know today that there was a finding. But in other circumstances where similar events have taken place with a finding and an order, the [redacted] system came into play.

A And I suspect the decision to go around the [redacted] system was not made by the Commander-in-Chief.

Q Do you know who made that decision?

A No, I do not.

Q Do you have any advice for us as to a way that we might assure that it wouldn't happen again in that manner?

A I don't have any practical advice for you. You know, I have been in the Service for 40 years and we can have a man pull out at 45, shoot himself in the foot and we then issue 25 instructions to prevent this, and next year some guy will pull something out of his holster and shoot himself in the foot.

MR. SAXON: That is an interesting analogy.

THE WITNESS: You are asking me to draw up a Constitution of the United States that covers all problems.

Now, I don't have any flaw-proof advice for you. The best advice is to get good people that have some allegiance to doing well and staying within their authority.

BY MR. SABA:

Q Yes. I take it what you are saying is that you are satisfied with the current procedures provided they are followed.

A Provided they are done right, that is right. And I cannot design a system that a man with great authority cannot get around without unduly hampering him so he cannot do his job. That is the dilemma. If you think that the most important thing in the world is for him to never do anything wrong, you can design a system that will keep him from that and you will also design a system so that the United States never achieves anything. It is a terrible dilemma. I don't find it a comforting one.

Q Returning to our historical chronology, I believe you said you met with the Secretary in approximately --

A In a matter of weeks.

Q Did you have further meetings with the Secretary on this matter? 1986?

A No, we did not discuss it.

Q Were there meetings following the public disclosure of the events?

A Yes.

Q And can you tell us in your own words briefly --

A I heard the subject discussed and elaborated on. One of the problems I have in this is what I learned then and what I learned earlier and distinguishing the two. I am not always confident of my time lines.

Q Let me pick a transaction I am a little interested in and that is I am interested in 1985 transfers of weapons being TOWs in August-September 1985 by Israel, and a small shipment of HAWKs in November of 1985.

When did you first come to learn of those transfers?

A In the newspaper.

end mas
-hl fls

Q And that would have been in November of '86?

A Shortly after the --

Q Can I ask, as I am sure you know, the public assumes that, as does the world I suppose, that we know everything, how is it do you think that intelligence information or other papers would not have come to your attention indicating the transfers?

A Well, of course, I am just not in the transfer business. My staff is not in the transfer business. If it doesn't show up in that [redacted] system, I just don't know how we would know.

Q I am looking at the 1985 transfers by Israel of Tows and then some Hawk missiles. I will tell you that we heard earlier today from DSAA that they had no knowledge of the transfer of those weapons which were provided to Israel pursuant to foreign military sales, military assistance program contracts.

A I find that quite astounding, because that is their sole concern. That is what they do. That is their business. I don't see how -- all they do by any means.

Q Were you aware before a few moments ago that DSAA did not have knowledge of that transfer?

A No, I was not aware.

Q So --

A See, I would think a lot of things go on that somebody in my shop, my staff and so forth might see, but they would not flag for me unless there was something very unusual about it. Some antenna were pulsed, or that something was going on that they didn't quite understand.

Q Would it be --

A I don't see everything that comes through my shop.

Q Would it be fair to say then that you might have presumed prior to today that DSAA would have come to know of those transfers other than the newspapers?

A Well, not necessarily. As I understand the way the system was handled, they went straight from NSC to the Secretary's office to the Army.

Q So that was in the case of the 1986 transfers of Tows?

A I didn't know there was a distinction between that and '85.

Q The method, if I can, the method of transfer was quite different. In 1986 --

A That I am not aware of.

Q In 1986 in the case of the Tows in August and September they were Israeli Tows being provided by Israel directly to the Iranians with an interesting question as to who knew what and when in the United States.

That was followed in November by an attempted shipment of -- take your pick -- a good guess is 80 Hawks of which 14 Hawks were deliverd, 13 returned in 1986.

A From Israel to Iran, returned?

Q Yes. Through the intervention in that case of General Secord, who provided some pilots and support in Israel to help the transfer over.

Those Hawks and Tows that were transferred in 1985 were provided to Israel pursuant to the usual FMS sale.

A That wouldn't come to my attention if it was a usual situation and decision.

Q And it should have been subject to the usual procedures involving American consent in order to transfer those.

In the case of the 1986 Tows, which were provided in parts, there was a finding the CIA did a provision pursuant to complicated modalities --

A But the normal transfer I would not be brought into. I don't know any reason I would or should.

Q Would it be, though, that the NSC would have not only full information on this but would have actively participated in these movements of weapons while the Pentagon essentually didn't have the information?

A I don't think that the NSC would have participated in it without everybody having the information. You are looking backwards at the connection now established that was not clear at the time the transfer was made. I don't know if DSAA elaborated on it, but they do a lot of weapons transfers

Q They simply were not involved and they didn't take charge. Again, what I am trying to develop is whether or not in this case also, as in 1986, there were sets of procedures which otherwise would have picked up the transfer and in this case, did not.

A If there were, I wouldn't know about it.

Q So, you were unaware of that?

A Yes.

MR. SABA: Do you have further questions in this area?

MR. SAXON: I have a number of questions, but maybe it is better just to wait until you finish all your questioning.

MR. SABA: I want to move to a different area, if you want to deal with Hawks and Tows --

MR. SAXON: You are going to go to the contra area?

MR. SABA: And other general areas.

MR. SAXON: Then let me go ahead.

MR. KREUZER: I have one for clarification.

BY MR. KREUZER:

Q Sir, you discussed earlier about General Moellering's coming back initially to you in June of '86 and saying I have just had a conversation with Mr. Armitage about something that I wasn't aware of and that is the Tow missiles for Iran proposal, and did he say at the time that Armitage had said that the hostage exchange was involved?

A It had come up in the TWG in the context of hostages. But he did not connect the two as being not anything else but hostages. He didn't say that. He just said some dealings were done with Iran and one of the problems was hoping to get more movement on the hostages or one of the others.

BY MR. SAXON:

Q Admiral, I would like to ask you a number of questions. When we first met back in April -- April 10, 1987, and I interviewed you, I believe you indicated that you had not been interviewed by the Tower Commission, is that correct, sir?

A That is right.

Q I recall that you expressed some surprise that you had not, is that correct?

A Yes, I was surprised.

Q When you learned of the arms shipments to Iran in late June or early July '86 I believe you told me previously that that reaffirmed in some way the suspicions you had about the NSC, and you talked about that relationship, is that correct, sir?

A Yes.

Q And would it be fair to say that you weren't sure whether, which was the chicken and which was the egg, ~~there~~ there had been ongoing problems?

A Well, yes, I think that would be a fair characterization. On the other hand, I really thought that -- this was a personal conclusion -- that this was a questionable proposition that the purpose, unlike on some other matters that we deal with, was to keep dissent out of the decision-making calculus.

Q So if this asks for a pin, then you can clearly denominate it as such and I guess that it does, but are you saying that your sense is that individuals on the NSC staff thought that the fewer people who knew something which you could perhaps justify, because of the sensitivity, would also mean you didn't have a lot of people criticizing you?

A That was my conclusion.

Q How would you characterize your reaction to General Moellering when he first told you about the arms to Iran?

A Characterize his reaction?

Q No sir, your reaction.

A Well, I was startled.

Q Would it be --

A I have been around a long time, though.

Q Would it be you were startled, sir, because of the underlying nature of the transaction itself, or because you weren't included?

A By the nature of the transaction.

Q Let's talk about that a moment. If someone had asked you whatever date that was -- June, July, '86 -- Mr. Chairman can we, do we, will we send arms to Iran? What would have been your answer based on your understanding of U.S. policy at that time?

A Of course, it depends on the question you are asking me. If you say on the basis of U.S. policy, I would say I find that rather strange, because that is contrary to our policy.

If you were asking me can we do this militarily, et cetera, that would be a different question.

Q If you were say the typical case testifying on the Hill before one of the Armed Services Committees at that time and someone had said to you, Mr. Chairman, do you think it wise as a matter of policy for us to trade arms for hostages, what would have been your response?

A Well, it is pretty hypothetical. I think I will just say given our avowed policy that is not a good idea.

Q What do you mean, given our avowed policy?

A Because we don't ransom hostages. Now, in a number of cases that I talked about where we did put our minds to hostages and the possibility of releasing them, I think off and on a number of offers have been made in screwy channels -- "I get a man for so much" or something -- and as far as I knew, we never took that over or really ever explored it.

Q I believe you told us when we interviewed you previously, that relations with the NSC have improved considerably since Mr. Carlucci took over. Is that correct?

A That certainly is my impression.

Q Let me go to --

A I think that is reflected in a number of ways and by a number of sources.

Q Let me go to your meeting with Secretary Weinberger, which I assume was the first one ~~on~~ OR one meeting you had after finding out about these transfers?

A Yes.

Q What do you recall being the way in which you expressed your dissatisfaction at not having been included in the process?

A Well, I don't know that I was up there complaining so much as I was there to try to find out a little more about it and obviously number one interest was to find out if opinions had been expressed on the matter. And he is my boss. The President is the Commander-in-Chief, but I also work for the Secretary of Defense, and he has greater access than I do, et cetera, et cetera, and when it became clear that he had waded in rather heavily on this matter, that was

was really the primary piece of information I was looking for.

And the decision to overrule that argument had been a deliberate and conscious one and that it just had not been made because people got out of the way, it had been made in the face of opposition -- the decision was.

Q You told us earlier, in response to a question from Mr. Saba, that the Secretary indicated he didn't consider this a military matter.

A I think he said that the decision had been made that it wasn't. I don't know that he said that.

Q Please understand that I am not trying to --

A No, I understand.

Q To get at odds with the Secretary or for that matter, anyone else, but we are trying to make sense of this and as somewhat novices in the field, we are trying to determine what is an appropriate reaction when we find something out and what isn't.

So let me indicate one way that someone could characterize this.

A All right, sir, go ahead.

Q We are providing lethal equipment, missiles, and missile repair parts out of U.S. inventories which, whether it is significant or not, draws down our stocks to some extent. We are giving them to a country that is on the

State Department's list of being involved in promoting or supporting or assisting, facilitating terrorism. That particular country -- Iran -- is engaged in open hostilities, has been at war with Iraq for some number of years. We have a professed U.S. policy of neutrality in that war. We have been pressuring our allies not to send arms to Iran. And notwithstanding all of these things, the decision is made by somebody that the Chairman of the Joint Chiefs of Staff and our top men in uniform had no business being involved in this or even being apprised of it.

To some people that would be startling.

A Well, it will come as no surprise, I am sure, that I don't know a lot of things that go on in the U.S. Government and I don't expect to know a lot of things and I don't think I should know a lot of things.

Q Do you believe you should have known this?

A There are areas where I should very definitely know about, but whether I should have known this is probably a question of judgment, considering all the facts and all the information. And I am well aware that the President has some very deep concerns on his mind, and it was pretty obvious to me that he was playing for high stakes in this move. I don't find that so amazing.

MR. SABA: Sir, did you discuss this with the President?

THE WITNESS: No, I did not. That is the kind of thing that he is paid for, that is what we expect of him.

I guess you can say that my ego was dented or something. On the other hand, if in fact he was playing for a new regime in Iran, if he was playing for the end of the war or playing for long term stakes with United States relationships with Iran, I don't think he is bound by any particular rules in that regard, and I don't think you can design a formula that he must adhere to in every instance. That is a judgment decision.

BY MR. SAXON:

Q Let me ask you, sir, about the questions that you raised. You said questions were raised in your mind once you found out about this with regard to specific types of analysis that you thought should have been examined. You touched on this briefly in response to a question from Mr. Saba, but when we interviewed you back in April, I believe you indicated there were three specific questions.

A There were, yes.

Q What can you tell us about those?

A I looked at the question of what we do to U.S. inventories.

Q The readiness impact?

A Yes. I concluded that given the overall numbers and amount tranferred and what was coming off the production line that really it was negligible.

Q I believe you said, second, you looked at the strategic impact of the Iran/Iraq War?

A The impact on the Iran/Iraq War and I could find no measurable impact.

[redacted]

Q So after this --

A Incidentally, the people in NSC that did this may have done a similr look at it. I cannot say they didn't.

Q If they did, sir, we have not found it.

A Okay.

Q Let me just say to make sure we have this clear on the record then, after you did that examination or had your staff assist you in taking that look at these three issues, you concluded that there would have been no objection raised to having gone forward?

A I concluded the military questions were -- if there were good reasons to do this, the military questions were probably not influential, or shouldn't be.

Q But it is fair to say as far as you know, in terms of the Pentagon, this examination had not taken place with their input previously?

A It did not, that is right.

MR. KREUZER: Are you going to stay on that topic? I have a question on that.

MR. SAXON: Go ahead.

BY MR. KREUZER:

Q What if you were to know, sir, that individuals were to take the Iraqi battlefield strategy and order of battle and reveal it to the Iranians, and reveal that information to them? What would you say if you knew that had been passed?

A I would say "wow."

Q Would you say that that is something the Chairman of the Joint Chiefs should know about, or have input?

A Yes.

BY MR. SAXON:

Q You indicated, Admiral, that the readiness concern which you might have had, really was more addressed to the Tows than the Hawks.

A Yes.

Q But I also recall when we met in April, that I provided some data to you which we took directly from the IG report from the Department of the Army that indicated with regard to the 234 repair parts for the Hawks, which were requested, and most of which were transferred to the CIA and ultimately to Iran, that the Army concluded that at the time the decision was made to meet the requirement and send it forward, that those 234 repair parts there would have been 46 on which there would have been something classified at the level of significant depletion -- specifically, 15 of those repair parts would have been totally depleted, 100 percent of our inventories.

Eleven of those repair parts would have been in excess of 50 percent depletion, and 20 percent of the repair parts would have been under 50 percent but still significant depletion. And I recall having asked you what your reaction was when you found out about those figures, and I believe I am correct in saying you indicated that that had not been brought to your attention until --

A No, it did not, and I found that rather, that is a rather significant finding, that if I understood at the time should have been flagged.

Q I should make clear for the record that the DAIG at the time it conducted in late '86 concluded that with some things that had come on line, with some different snapshot of a different day of the U.S. inventories that the numbers were not that alarming, but at the time the decision was made to make that transfer, those were the numbers that they were looking at.

A [redacted]

Q I believe you told us when you met with Secretary Weinberger the issue of the Presidential finding did not come up?

A I don't believe it did.

Q And the issue of legality had not come up?

A No, I don't remember that coming up.

end Boyum
end mhl

A No, I don't remember that.

Q Do you recall whether Secretary Weinberger indicated that he himself had ever indicated to the President or anyone else that he had some questions about the legality of these transfers?

A No, I don't recall him saying that. He did describe warning him vigorously against it.

Q Am I correct in saying that in mid-1986 when you first found out about these transfers, you did not know anything about the Israelis as an intermediary?

A I did not.

Q I have got just a couple more questions.

Going back to the [redacted] [redacted] system, sir, I had an interview about the same time as the one we conducted with you with retired General Richard Stilwell who, in his capacity at the Pentagon had the [redacted] system DoD-wide.

General Stilwell, in response to the question, said that the [redacted] system was, as far as he knew, designed as the exclusive means for transfer stocks from one of the services to the CIA.

Would you concur with that assessment?

A As far as I know.

Q And I think it is clear from Mr. Saba's line of questioning that we have had some very sensitive transfers made to the agency which, nonetheless have gone through the [redacted] system?

A To the agency that have gone, yes. I believe, as I understand it, that those transfers were made by people in the [redacted] system, that it was just an abbreviated [redacted]

Q That is one of the things I wanted to get to. You stated a few minutes ago that there is a real dilemma that we want to have the proper review for something like this, but we don't want to hamstring people, unduly hamper.

But it is true, is it not, that there are procedures written into the [redacted] system to speed up the process of review?

A But I don't think that is to reduce the network. I think that there are ways to move things quicker.

Q Through the [redacted] system?

A Yes.

Sometimes a requirement arises with a very, very short fuse on it. If you can't meet the fuse, it is useful.

Q And there is included through the [redacted] review process legal review at several levels; is that correct?

A Yes.

Q And there is also readiness review, one of the things that is looked at is readiness?

A You understand the great bulk of these things we are talking about are not readiness items. [redacted]

Q One other question before I move to my final point. [redacted]

Q We have learned in the course of these investigations that perhaps some sensitive intelligence was provided to the Iranians in the course of these meetings by U.S. Government officials as some way of establishing our bona fides.

If that, in fact, is true, is that something, as the Chairman of the Joint Chiefs, that would concern you?

A It would be my opinion that it would, that I should be informed or in on that.

Q MR. SAXON: Other than follow up to one or two questions, that is all I have.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. GENZMAN:

Q I might have missed your answer regarding use of an abbreviated [redacted]

In what instances was that used?

A This is the only one I know of, the TOW transfer and the HAWKS.

Q That was an abbreviation of the [redacted]

A To my understanding, it was. This was an understanding subsequent to November.

MR. SABA: So your understanding of what you call an abbreviated [redacted]

THE WITNESS: I was talking about from the NSC to the Secretary's office to the Army to CIA, with no other distribution.

You probably know more about that than I do.

MR. SABA: That is essentially correct, sir.

THE WITNESS: But these were [redacted] contacts.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. SAXON:

Q These were people normally involved in the [redacted] system?

A That is my understanding.

Q But the requirement itself did not go through the normal [redacted] process?

A That is probably right, yes.

MR. SABA: If I can be more specific, we have now had interviews with most of the individuals involved and very specifically, General Thurman, who happened to be on duty at the time you came, stated that as he put it, he is by chance the [redacted] note, but he did not understand them coming to him in that capacity.

THE WITNESS: That is another matter.

MR. SABA: But in a different capacity, and he is on the note, among other things, but others including the DAIG report, I believe, have all concluded that certainly in the case of the TOWs, the [redacted] system was bypassed.

I think --

THE WITNESS: I said you know more about it than I do.

MR. SABA: Apparently there was some application of the system in the case of the HAWK radars, and again the DAIG report indicates how the [redacted] systems, the overview and readiness review by example, were, in fact, applied to the provision of the spare parts and there had been a request for radars which did not go.

So the [redacted] system from the testimony we have in the DAIG report appears to have been brought to bear in part on the HAWK spares and radar request or requirement, but in the case of the TOWs, it would seem to be the conclusion of the individuals involved at the DAIG that it was bypassed.

I relate all this, not to testify myself, but in terms of background because I think it is crucial in a way to our investigation to understand how and why, in this case, the system was bypassed and whether, in fact, the system is adequate.

If it was bypassed because it was not responsive and that has been the thrust in part of our questioning on this matter to you.

MR. SAXON: But what is interesting to note is even with regard to the HAWK repair parts, the first request for HAWK repair parts did not go through the [redacted] system itself and the second request, which was a follow-on for additional HAWK repair parts, sort of went through the [redacted] system, but only because the Army forced it through rather than it coming through the agency to [redacted] and down through the process and the Army made the determination that the additional request for HAWK repair parts beyond the 234 initially asked for did not qualify as part of the first request, but was a new request and they wanted to treat it through their system.

So the system worked. The Army forced it back through the process. It got sat on and was never complied with.

THE WITNESS: My instincts would tell me that is a result of reservations from what had been done earlier.

MR. KREUZER: But no request entered through [redacted] which is the front door to the [redacted] system, that is where a request would come in to be looked at and a decision made whether or not it is valid, to whom it should go for action?

THE WITNESS: I didn't understand -- you may be right. I didn't realize that it did go to other members as well. [redacted] was the mailbox for everybody else.

MR. KREUZER: That is sort of the way I read [redacted] is that the one that says this where the first rung is, this is the entry to the system?

THE WITNESS: They are an important rung on the ladder, no question.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. SABA:

Q Did you have occasion, following your acquisition of knowledge of these events, to have any discussions further with General Wickham or General Thurman about it?

A No, not consciously and deliberately. I think one time it was mentioned in the tank, but in the context that I am going to be giving a deposition or something --

Q These would be 1987 --

A You have got to understand, that once something like this starts, people are very careful about the information -- everybody says I would like to know and the standard answer is you will know, you will get all the information, but right now the people that are under fire and so forth are careful who they talk to, et cetera, et cetera.

So I remember it coming up in the tank that time and nobody queried or explored it or probed.

Q The question is directed to 1986 when you acquired knowledge of the transactions. You would agree that the Army provided the TOWs and the parts and my question was whether you had gone to General Wickham or anyone else in the Army to inquire as to what had gone on?

A The standard answer, okay, we are going to get all the dope when it is put together here. I am not about to embarrass the Chief of Staff of the Army when he thinks he is under -- you have got to understand the environment.

It is not that he is not going to be forthcoming, and he will. This would be hashed at great length, but there is quite a production being made of this right now.

Two or three things that are missing in this kind of query or inquiry, that is that the normal press of business in the Pentagon is unbelievable, and while today on the television and so forth this is the item of great interest, and it sounds from listening to people testify as if there was nothing going on but this, you have to realize that a lot of this stuff gets lost in the background noise of the everyday business of the Pentagon.

The hard part of the Pentagon, which comes with experience, is picking low-level signals out of the background noise as to something going on.

These things don't come across your desk with a great big red tag on it or anything. There is -- in trips, travel going back and forth when you are looking at the people in the [redacted] system, you will find that a lot of times they are not there when something happens, somebody else was there.

That is sort of the ambiance that seems to me gets totally ignored and lost.

Incidentally, that is with any system you design, whatever you conclude, you have got to design a system that will operate inside of a tremendous amount of business.

Q I have one more question on the TOW HAWK business and that is, I take it you were, since the time you assumed your position as chairman, aware of Operation STAUNCH and our public policy against providing weapons to Iran.

Would you describe that as a well understood policy, not only within the military, but also generally?

A I think so.

Q Did you have --

A At least as a general policy proposition, yes.

Q Did you have occasion to discuss this with foreign military personnel?

A With foreign military -- yes, in a social way in NATO and so forth.

Q Would you say that we made it our business to inform our allies and friends, our trading partners, that we were sincere in our opposition to providing weapons to Iran?

A Oh, I think so, yes. Of course, you understand in the groups I deal with, the military, this is preaching to the choir. Also, in parts of this conversation, I was lectured many times on the fact of life -- I am talking about in foreign countries -- and my counterpart might say while I understand the wisdom of that and I think you are right and so forth, companies in my country are going to sell to Iran no matter what.

Q But is it correct that you found yourself in the position always of stating American policy against that trade?

A If it came up, yes.

Q That would be through 1985 and then again in 1986?

A Again going back to what I said about so much business, that wasn't a prominent topic in discussions and meetings.

There were many countries that pay very little attention to the Iran-Iraq war.

Q By any chance did any foreign person ever bring to your attention an allegation that we were providing --

A No.

Q That the Israelis were providing --

A No.

Q That the Israelis were providing weapons to Iran?

A No.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. SAXON:

Q Since these matters have become public, given that we had a stated public position on sale of arms to Iran by other nations and we were pressuring our allies and yet apparently we were doing that ourselves, have you had occasion to be lectured, as you say, by any of our allies?

A Yes.

Q Without naming names, can you tell us --

A I just took a trip through the Gulf a short time ago. The references weren't too direct, but the implications were clear.

Q I guess we can understand a little bit of that. Do you personally foresee a serious damage with our allies because of this distinction between stated policy and the actual circumstance?

A That is a difficult question to answer.

Number two, my instincts tell me that the damage doesn't come from the instant, per se, as it comes from accumulation.

I am talking about damage to our Arab relations primarily. It is just another brick in the wall that worries them. And they have -- they keep tab, they keep a ledger on the United States, and in fairness, this is not as important in our Arab relations as the turndown by Congress of the arms packages.

That is the number one item. And then these other things fall in line. And this is another straw in the haystack.

But they have been remarkably restrained about it, to be frank.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. SABA:

Q I would like to turn to the other hemisphere. Sir, on assuming your position as Chairman of the Joint Chiefs in October 1985 and subsequently, were you provided briefings, and I am thinking primarily legal briefings in this question, as to what could and could not be done pursuant to various statutes in force at the time in terms of support for the anti-Nicaraguan Government forces?

A Well, I received a number of briefings on South and Central America, but I don't think it was very express on that aspect of it.

Q Did General Galvin provide you with any information as to the status of our military forces and any support which may or may not be provided to the contra forces?

A He encouraged me to visit Central America and he also talked to me about his relationship with El Salvador, Honduras and particularly the Panamanian situation and some of the work that he did in Latin America proper.

And I did visit Panama, El Salvador, and Honduras in January of 1986. I had a trip scheduled in November. I canceled it and visited in January.

Q I take it then shortly after taking on your post as chairman, you did take an interest shortly in Central America?

A Yes, I did, primarily because I was very shy in my background on Central America. I had never been associated with the area, I had never been there.

Q Admiral, I am going to introduce another exhibit here which is Exhibit No. 2. This is, I believe, your letter.

Do you recognize the letter as being a copy of one of your letters?

A Yes.

(Exhibit No. 2 was marked for identification.)

BY MR. SABA:

Q Could you provide us some information about the letter, the circumstances surrounding its creation and perhaps specific information on paragraph 2?

A Well, I think this was in response to a number of requests from a number of sources to [redacted] and improve intelligence. That expansion took quite some time and didn't take place right away.

Q I am sorry --

A The expansion took some time. It didn't take place for quite some time.

Q Do you recall when it may have occurred?

A It says the first phase is scheduled to begin in January. I don't think we had the people in place for several weeks after that. I don't know exactly when it was.

Q Sir, I am particularly interested in the second paragraph, the last sentence, which, in an earlier copy, has been highlighted and, therefore, it appears slightly shaded in the exhibit.

A In what regard?

Q Do I understand it that the intention was that the [redacted] would provide intelligence information to the anti-Sandinista --

A I don't believe that was the intention.

Q Well, perhaps you could explain what was intended.

A Well, the main thing was to provide it to our own people, to the Pentagon and to users here as well as on

Galvin's staff.

In any event, I am informed that it never was used in that fashion, for any Sandinista resistance.

Q Sir, do you recall whether instant to preparation of this letter and matters that are discussed in it, if you were provided a legal briefing at the time as to whether tactical intelligence could or could not be provided at that time or in the near future to the anti-Sandinista resistance?

A I guess the fair answer is I don't recall, but I don't believe it was provided.

Q Do you recall now whether at that time it was or was not permitted by the legislation then applicable?

A At the time of the memorandum -- my understanding of it, it was permitted in 1986.

Q Do you know as a matter of fact whether or not any support was, in fact, provided during 1985?

A Well, it didn't even form until 1985, the expanded group. I am told that it never provided anything to the Sandinistas.

Q So to the best of your knowledge, the group in existence at that time had not provided?

A That is right.

MR. SABA: I have one more exhibit, which will now be Exhibit 3, I believe, sir.

(Exhibit No. 3 was marked for identification.)

THE WITNESS: Okay.

BY MR. SABA:

Q Sir, do you recognize the letter as being yours?

A It is mine.

Q Could you please give us some information about the letter, the circumstances leading into its preparation and events subsequent that are discussed in it?

A Well, as I recall, this was a request by the CIA for this kind of support and that was the purpose of the letter.

Q Would you view this letter as being part of a [redacted] system review of that CIA request?

A Part of a [redacted]

Q Yes, sir.

A No, I don't think so.

Let's see -[redacted] are now being utilized to fulfill -- this is probably the best mechanism --

Q So I take it the intention here --

A I assume I did feel that way. That is what the sentence says. There was a legal look at this, I recall that.

Q That is my next question, sir.

Do you recall if there was a legal review of this also?

A Yes, there was.

Q So you obtained advice as to what could and could not be done prior to this letter?

A Yes.

Q I would also be interested, sir, because we have had some other testimony as to the best kind of support to be provided, as to your view, if you care to express it, as to the provision of DoD support, being whether that should be a direct provision of support or continue being, through another agency request and continuing to run this through the system.

A I think that was part of the legal review, that it should come through the agency as I recall.

COLONEL RICHARDSON: I think the question is military versus civilian aid through the --

MR. SABA: That is correct.

COLONEL RICHARDSON: General Galvin's proposal was that it primarily should be a militarily-run operation as opposed to being a CIA-run operation using substantial military assets.

I think the question is as to how you feel about the two proposals.

MR. SABA: That is right. We have had the advantage of having spoken to General Galvin.

THE WITNESS: I think our judgment on balance was that it should be a CIA-run operation with military support and that this reflects that.

Is that your understanding, Colonel?

COLONEL RICHARDSON: Yes. General Galvin initially proposed that he would have preferred a military operation and after discussion with the agency, this was deemed to be the best way to go.

BY MR. SABA:

Q So these [redacted] presumably are dealt with through the [redacted] system?

A Yes.

Q I take it you are satisfied with the functioning of that system?

A Yes. In this case --

COLONEL RICHARDSON: Essentially, everything relating to the new legislation of which this is a part is -- all goes through the [redacted] system religiously and this was just part of it.

BY MR. SABA:

Q My next question, for the sake of a complete record, is whether in the case of this new legislation, you know of any circumstances which, in the case of Central America being bypassed or not going through the [redacted] system?

A I don't know.

Q So we don't have a situation where we had an order and a bypass of the system?

19

A I don't think so. This was a different type of matter. We were setting up a system here which was widely discussed even though it was a sensitive matter by the participants in the agencies with meetings, et cetera, at all levels and of all agencies.

Q During the period you have been Chairman of the Joint Chiefs, have you had any substantive input into issues involving security assistance to the Central American countries?

A I have been kept familiar with, for example, El Salvador and Honduras because we have a particular interest there. And I visited there, as I said in January, and heard their view.

Q January of 1986?

A 1986.

Q Are you familiar, sir, with the request by Honduras for F-5Es?

A Yes.

Q And can you tell us your understanding of that situation?

A Well, we felt it was a request on their part to, as a matter of fact, an interim fix for aircraft that were becoming rapidly obsolete and outmoded and one that they felt very strongly about. When I was there in January, I received some information from their military on their security assistance request and this was a prominent -- not to elaborate on, but obviously a prominent item that they were very interested in.

Q At that time during that meeting in January 1986, did their military express to you concerns about the contras?

A No, certainly not in regard to the F-5s.

Q I will take it separately.

My question will be whether or not they had indicated concerns abou[redacted]the contras at that time.

A No, I don't think so.

Q My next question --

A It was an orientation visit, a short visit, my first visit, and in the official meetings I had with the military, no.

Q Did you have subsequent visits or meetings?

A Obviously in the socal context, they are aware that there are contras[redacted] and so forth and that that is of interest to them, but I had no approaches to me.

As a matter of fact, a couple of calls I made, it was interesting, there was no mention of it at all.

Q So since January 1986, you have had subsequent contacts with the Honduran military?

A I haven't been back, no. I just went two weeks ago to Panama. That is the first time I have been back since Galvin's change of command.

Q So other than the contacts you have had with the military in January 1986, you have had no additional contact?

A President Azcona came to Washington once and I attended a meeting with Secretary Weinberger.

Q On that occasion, did the subject of the F-5Es arise?

A Yes, but in a very general way, how do you think they are going in the Congress.

Q Did the subject of the contras arise?

A No.

[redacted]

A [redacted] I have never -- certainly from our perspective, the health of the Honduran military is a much more important one and that is the way we look at it.

From the overall perspective, the health of the relationship between the United States and Honduras is important to our whole policy in Central America.

Q In the case of [redacted] has an allegation ever been brought to your attention that there have been false end-user certificates executed by [redacted]

I believe they probably call hi[redacted]

A And these would be American security assistance --

Q No, sir. These would be end-user certificates which he signed and were used in connection with furnishing of weapons to the contras.

A No, I have never heard that.

Q In the case of [redacted] are you aware of any information linking [redacted] attitude toward the contras or its favorable assistance providing end-user certificates to security assistance?

A Linking that with security assistance?

Q Yes, sir.

A No.

MR. SABA: I don't think I have further questions on [redacted] or Honduras.

MR. KREUZER: I have.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. KREUZER:

[redacted]

UNCLASSIFIED

[redacted]

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. SABA:

Q My last question, in connection with these various reports that you just mentioned, did you receive reports since becoming chairman of the private resupply of the anti-Sandinista forces?

A Privately supplied?

Q Yes, sir.

UNCLASSIFIED

A Yes, we saw some intelligence, I see intelligence occasionally that there was private supply, a plane was intercepted or detected and the information was we thought it was a private supply plane.

dd ends/MS

boyum fls

#3
BOYUM 3:30

mas 1

BY MR. SABA:

Q Did you know General Secord was involved?

A No, I did not.

Q Okay.

A The only one I knew in that, and that is through a different period in my life, was Singlaub. I knew him at a different time in a different place.

Q In --

A I used to know Secord several years ago.

Q Okay.

A I did not realize he was involved in the contras.

Q Did you have any indication of where the private suppliers obtained the funds for the weapons in their operations?

A No, I did not. Aside from private subscriptions I had no -- I not only had no indication I had no view on it.

MR. SABA: I have no more questions in this subject.

MR. SAXON: You have some on any others?

MR. SABA: Just a general one.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. SAXON:

Q I have one and possibly two other questions, and then a broad general one, sort of a wrap-up at the end.

m2

My first question to go back to the impact of the TOW transfer on the strategic balance in the Iran-Iraq war, I believe when you met with us back in April, sir, you did indicate there was some evidence that in small battles the Iranian use of the TOWs had been effective in knocking out Iraqi tanks, is that correct, sir?

A Well, they looked like there might be some evidence to that effect. It was pretty tough to even connect the two but it looked like they might have enjoyed some success that they have not previously enjoyed, and this might be attributed to it.

MR. SAXON: Let's go off the record for a second.

(Discussion off the record.)

MR. SAXON: Back on the record.

BY MR. SAXON:

Q I just have one final question, Admiral, and that is sort of a broad ~~board~~ philosophical question. As we will ultimately terminate our investigation and complete our hearings --

A I didn't know you were going to terminate.

Q Notice, I didn't say when, though. I said ultimately, one day this will all be over and there will be a report written and in that report there will be a section we assume on recommendations for how to do it differently, how to do it better, whether there will be structural or institutional mechanism changes that are required.

Do you have any thoughts for us and for the members of the committee who will read this deposition on those matters?

A I think obviously I have given some thought to my relationship with the NSC and what I think is a proper relationship, and I think that the question of military officers serving on the NSC should be examined. I don't mean served or eliminated, but I think that the question should be examined primarily with a view to putting some kind of fixed limit on the term of service over there for a military officer.

Q Is there not in fact a limit now but it can be extended?

A As a practical proposition the limits are sort of irrelevant because if an officer does well it is requested to extend him and they give him a position of prestige on the NSC and it is always honored, et cetera, et cetera. One of the attractions to be frank about it to a military officer is that we pay their salary, not the NSC.

Q So I assume --

A I assume for most of the officers that are extended, I assume it is their talent involved in their extending and keeping someone on. But the problem in the military, is the problem of having very talented people, and we do send talented people and often they become very important on the NSC staff, and they do very good service, so much so that they end up over there for a period of time and their military skills, their military usefulness degrades. On the other hand nobody in the NSC can understand why the military doesn't reward this man who has performed great service in important tasks for his country. I can understand that attitude but he is a military officer and I think it is a mistake to, there are other options available. These have been exercised on occasion, where an officer left the Service and stayed in that line of work and went another path which is just fine.

But to retain his rank and expect to be promoted with his contemporaries in the individual services, that is asking quite a bit of a service if you keep him a long time. And yet the NSC sort of operates unto itself.

MR. KREUZER: Keeping in mind, sir, that when the inquiry comes from the NSC to the military departments, would you spare this individual for another term of one year as it always does, do you think that in the future the military departments might take on a little bit more stiffer attitude with the Executive Branch when they respond?

THE WITNESS: Well, it is tough to -- it is easy

m5

to express that attitude but it is tough to sustain that position. I know that in these cases time and again it has been said, look, you can keep that fellow, we know he is important to you and he is a fine man, but you are jeopardizing his promotion and the answer comes back, I will take care of that, or I will handle that.

MR. KREUZER: That is from the requester?

THE WITNESS: Yes. You know what he is saying is I will get somebody of great influence to protect that man. But I don't think that is fair to the man or to the Service.

Now, if that man is of such tremendous value to the nation -- and incidentally some of them are, they really are, then I think he should decide that is his profession, that is his line of work and leave the Service and --

MR. KREUZER: Give that space to somebody who is going to come along.

THE WITNESS: That is right. There are a lot of people out on the battlements doing dirty work in the battlements and [redacted] and Pentagon, I don't mean necessarily out of town, but that are doing a lot of work and they should -- their prospects shouldn't be jeopardized either. And I understand it is a difficult proposition. I would not propose anything that freezes the military out

m6

of the NSC because I think the exchange and having the talents in both places and the points of view is a worthwhile one and profitable to both sides. It is just that I think to have a man in a position for too long -- and I don't think an active military man should lead the NSC, I just really don't believe that. That is a very prejudiced view because as the Chairman, I think if you want a military bias in the sense of the Chiefs, you should go to the chairman, not to the NSC adviser.

BY MR. SAXON:

Q But I assume you would not object, to the NSC adviser having a military assistant?

A No, I do not.

Q Thank you.

A You know, the best guard of all is to get good people and sometimes you succeed at that and sometimes you don't.

MR. SABA: Mr. Saxon asked my general questions so I have nothing further, sir.

MR. KREUZER: I have nothing.

MR. GENZMAN: Nothing further. Thank you for your time.

MR. SABA: Sir, on behalf of the House Committee we wish to thank you very much. We certainly do appreciate your time. We hope that we will finish one day. If you m7 just come from the Gulf --

THE WITNESS: We hope -- this is off the record.

(Discussion off the record.)

MR. SABA: That is all.

(Whereupon, the deposition of ADMIRAL WILLIAM J. CROWE, JR. was concluded.)

THC.4 g

UNCLASSIFIED

EXECUTIVE SESSION
DEPOSITION OF
KEVIN W. CURRIER

COPY NO. 1 OF 3 COPIES

Select Committee to Investigate
Covert Arms Transactions with
Iran,
U.S. House of Representatives,
Washington, D.C.

Tuesday, May 5, 1987

4342

The deposition convened at 9:15 a.m. in Room 352, Rayburn House Office Building.

Present: Pamela Naughton, Staff Counsel, House Select Committee to Investigate Covert Arms Transactions with Iran; Richard Leon, Deputy Chief Minority Counsel, House Select Committee to Investigate Covert Arms Transactions with Iran.

Partially Declassified/Released on 1-22-98
under provisions of E.O. 12356
by N. Menan, National Security Council

UNCLASSIFIED

UNCLASSIFIED

MS. NAUGHTON: We are on the record.

My name is Pamela Naughton. I am staff counsel to the House Select Committee to Investigate Covert Arms Transactions with Iran.

If the other people in the room will please introduce themselves for the record.

MR. LEON: My name is Richard Leon. I am deputy chief minority counsel for the House Committee on Iran.

MR. CURRIER: My name is Kevin W. Currier. I am a Special Agent for the FBI at the Miami division.

MS. NAUGHTON: This is a deposition taken in executi session, which means it is secret material. I provided a copy of the committee rules to the FBI liaison, Bruce Ash. I wonder if you had a chance to discuss that with him or see a copy.

MR. CURRIER: He discussed the matter briefly with u this morning.

MS. NAUGHTON: For the record, here is my copy, and you can look at it, should you have any questions or want to consult.

Do you have any questions before we begin?

MR. CURRIER: No, I don't.

MS. NAUGHTON: Okay. The rules will be right here i case you have any questions.

The reporter has informed you he is not a D.C. notar

UNCLASSIFIED

Do you have any objection to waiving that particular jurisdiction?

MR. CURRIER: No.

MS. NAUGHTON: And taking the oath today?

MR. CURRIER: No, I have no objection.

(The witness was sworn.)

Whereupon,

KEVIN W. CURRIER

was called as a witness and, having been duly sworn, was examined and testified as follows:

EXAMINATION

BY MS. NAUGHTON:

Q Mr. Currier, you are here today without counsel; is that correct?

A Yes, it is.

Q Did you have personal counsel to attend this deposition?

A No, I don't, or I haven't.

Q It is your option. I just want to explain to you. I don't see it is necessary, but under the rules you have a right to a personal attorney at the deposition.

Do you understand that?

A Yes, I understand.

Q Let's begin, then.

How long have you been with the FBI?

UNCLASSIFIED

A Over six years.

Q And what did you do before that?

A I was an attorney in Puerto Rico.

Q What law school did you go to?

A University of Puerto Rico.

Q And how long were you in Puerto Rico?

A Approximately 13 years.

Q How old are you?

A I am currently 31 years old.

Q And what did you do with the FBI?
In other words, what places were you stationed?

A I was in San Juan for approximately one year, and I have been at Miami division for five years.

Q So, this is your second office?

A Yes, it is.

Q How long will you be stationed in Miami; do you know?

A No, I don't.

Q What unit do you work in?

A I am a member of the anti-terrorist squad.

Q Have you always been in that unit?

A Since it was formed in approximately 1983, I believe.

Q And does that take your full time?

A Yes, it does.

Q Could you give a little idea what the squad does?

UNCLASSIFIED

UNCLASSIFIED

A Well, I worked the Omega 7 terrorist group in Miami for several years, and we neutralized that group. We deal with bombings, terrorist organizations. We try to neutralize terrorist activity in Miami, gathering information regarding terrorist groups, etc.

Q Now, did there come a point at which you became involved with Agent Kiszynski?

A George Kiszynski -- K-I-S-Z-Y-N-S-K-I. George R. Kiszynski.

Q Did there come a time that you became involved with Mr. Kiszynski?

I am going to ask you about two separate investigations, if you recall as to the Posey investigation, involving CMA and any alleged attempts to invade Nicaragua. Were you involved in that investigation?

A I got involved in that investigation. Our neutrality investigation started in early August 1985. Georg had worked the Posey matter in January of 1985. I was not involved in the case, that other case at that time. Thomas V. P-O-S-E-Y.

Q He worked the Posey case in when -- the winter, early spring?

A I am aware that George was involved in the case in at least January of 1985.

Q By the time you began working with him, in the summe

UNCLASSIFIED

of 1985, had the Posey case ceased? That is the first one.

A There were two separate investigations. I was not involved with the Posey, wasn't involved in the Posey investigation at all. I think the investigation was out of Alabama -- Huntsville, Alabama area.

We were just an auxiliary office covering leads when they arose. And George worked on that case briefly. Then the case was assigned to another agent.

George had a separate investigation he was conducting in Miami regarding the Continental Bank bombing in -- I think it was March of 1983 that brought him in contact with a lot of the subjects who would later become important in our investigation which is titled Rene Corvo, et al, Neutrality Investigation.

So, George was working with individuals that we would later come in contact, earlier than January. But the actual investigation was initiated in August of 1985.

Q Let's talk about August of 1985.

How is it you came to participate in the investigation?

A There was a newspaper article in the Miami Herald -- I think it ~~is~~ was Sunday, I believe July 21, 1985 -- Miami Herald. It was on the front page, statements by an individual in jail in Costa Rica by the name of Steven Carr, regarding an arms shipment that had left Fort Lauderdale airport to [redacted]

UNCLASSIFIED

[redacted] We thought that article was very interesting. ~~We~~ I brought it to the attention of my supervisor. He concurred in initiating an investigation into those allegations.

We ~~visited~~ notified the Bureau of our interest, which is the procedure. We have to get authorization from FBI headquarters to initiate a neutrality case.

In about a week we did get the authorization, and we initiated the investigation. By the way, during this period, George was in Europe -- George Kiszynzki.

Q So, this stemmed from your reading the article on the Carr interview.

A I was unaware of George's involvement in similar matters before August. He instructed me about his involvement in the case when he returned to Miami later. We decided to work together, as we have done in other things. We worked on the Omega 7 together.

Q Was Carr incarcerated at that time?

A Carr and four other mercenaries were incarcerated at the La Reforma Prison.

Q And where was that?

A San Jose, Costa Rica.

Q What were they in prison for?

Pocosol

A They had been arrested at Pocosod, Costa Rica on April 23, 1985, for Costa Rican neutrality violations and

UNCLASSIFIED

weapons charges, along with approximately 15 other Nicaraguan contras.

Q Was this for hostile acts?

A Yes, that was the term used.

Q So, what did you do once you got authorization to conduct the investigation?

A Mr. Kiszynzki was working on the Continental Bank case with a Miami detective by the name of ~~Diosapo~~ DIOSDADO Diaz. I ~~have~~ had helped George while he was in Europe. I helped Diaz in a few matters.

Mr. Diaz is very well informed regarding terrorist and neutrality matters~~,~~ in the Cuban community in Miami, so I approached him regarding the article and the people identified in it. ~~And they~~ The article had mentioned police officers who had given weapons, and he gave me a list of people that were possible subjects.

By chance that weekend -- let me ~~progress~~ regress here -- so, I had a general idea of the people involved in the article through speaking to Mr. Diaz and our own investigation.

That weekend, by chance, I was the duty agent. I got a call from Secret Service. They had been telephoned by an individual by the name of Allan Saum who had made allegations regarding a plot to bomb the Soviet and Cuban embassies in Nicaragua.

UNCLAS

I telephoned Mr. Saum. He sounded irrational over the phone, but because of the phone call from the Secret Service, I met with Saum that afternoon at a Miami restaurant. I met with him in the car for three to four hours.

We discussed several issues, but the one that was of special interest -- he spoke about the Cuban underground involved with transporting large amounts of weapons from Miami for the contras. He spoke about other matters. He was irrational. He lied during, ~~or~~ and provided inaccurate statements during the interview, but he did mention an individual by the name of Jesus Garcia, and I had heard about Mr. Garcia from Diaz. I also heard about him from the Corrections Administration, because Mr. Garcia was implicated in ~~the~~ an attempt, the alleged attempt to get prisoners out of jail, narcotic-related individuals, out of jail.

Mr. Saum stated Mr. Garcia was in possession of an automatic machine gun and described the briefcase and machine gun.

Q Excuse me. What was Saum's background?

A Secret Service said over the phone they had run a check on Mr. Saum, that he was briefly in the Marines. He had been discharged after a short period of time, that he had helped FBI in the Tylenol matter, provided information which didn't work out, and they provided some additional information

UNCLASSIFIED

on Saum, nothing really important.

Q Did he have any connections to anyone in the Administration?

A Saum has no connection with anyone in the Administration that I am aware of.

Q Were any numbers or letters or anything found in his possession that would connect him with anyone in the Administration?

A That is right, he mentioned that he was in contact with Vernon Walters at the United Nations. He rambled on, like I said, for hours.

We did make copies later of certain papers and documents that he had on him when he went to the FBI office.

Q I am interested in that.

A He had been given some telephone numbers by Thomas Posey. There was an Oscar ~~Lagatina~~ LACATINA on them, General Alvarez Martinez.

Q What about Donald Gregg?

A No.

Q Anyone from the Vice President's staff?

A No. The Secret Service had mentioned that he had contacted the White House and Secret Service mentioned Mr. Gregg's name and another individual who worked for the Vice President. That is the reason they called us.

Q I don't want to get bogged down in the details of the

UNCLASSIFIED

BEST AVAILABLE COPY

investigation, because that is not the purpose of our focus.

What I am interested in is eventually you made a case against Mr. Garcia regarding the machine guns; is that correct?

A That is correct.

Q And when was he indicted; do you recall?

A He was arrested in early August. I don't remember when he was indicted. He went to trial in early December of that year.

Once we got the machine gun ATF assumed jurisdiction in the machine gun matter. We conducted interviews in the case with Garcia's associates at the flower shop, narcotic-related individuals, and the person we believed provided Garcia with the machine gun.

Q Whc was that?

A Enrique Buricaudy ~~[illegible]~~. I had personally known BURICAUDY FROM ~~Borricaudy~~ du~~ring~~ the Omega 7 investigation.

Q Now, during the trial cr in any statement that BURICAUDY Mr. Borricaudy made during the investigation, what was his defense to the gun charge?

A I don't recall at that time during the trial what his defense was. I was not that actively involved with that aspect of the case. I did testify in it briefly.

Q After he was convicted, but before sentencing, he offered to cooperate; is that correct?

A That is right.

Q And did you interview him?

A Yes, on January 7, 1986.

Q Who was with you?

A Special Agent George R. Kiszynzki, an investigator from the United States Public Defender's Office by the name of Rafael Maestri. I think that is it.

Q And did Mr. Garcia tell you that he had heard of or had knowledge of a plot to assassinate Ambassador Tambs?

A That is correct.

Q Did he also tell you about any gun running activitie to the contras in Nicaragua?

A See, in the press over the last few months he has said that he provided all this to the United States government, detailed information regarding gun running in the contras, etc., etc.

It should be made clear that Mr. Garcia, during the interviews, was very, extremely hesitant to provide any information on anybody Latin. He was only interested to spea about the Americans he believed had betrayed him and set him up.

Especially he was angry about Thomas Posey, because he believed Posey had sent Allan Saum to Miami to get him out of the way.

We had between that period between August and Januar

BEST AVAILABLE COPY

UNCLASSIFIED

had done a great deal of investigation on this matter. We had very, very good information of what actually had occurred regarding gun running, the truth regarding that flight and other flights, extremely good information.

Q What was that?

A The information?

Q As a summary, you don't have to name sources.

A Well, we were aware of the people involved, Miami Cubans involved in the gun running, weapons, ammunition, on several occasions from Miami to Central America -- the people involved, where the guns had been stored, how the money was raised, etc.

So, when we spoke to Garcia we were well aware of what had occurred, but Garcia was very hesitant to provide any information. He would only speak about the Americans.

He said a lot -- made a lot of inaccurate statements, a lot of things that were later totally disproved themselves.

He did talk about a plot to assassinate Ambassador Tambs. He mentioned several names. Through our investigation we have not been able to substantiate through reliable information which would support the allegations that such a plot actually took place.

Garcia put people in Miami at meetings ~~that~~ who were not even here at the time. The people who were here strongly

UNCLASSIFIED

denied any involvement in such a plot. Garcia was afforded a polygraph regarding the plot on January 14th. I want to make it clear Garcia, ~~what~~ the information we did get from Garcia regarding gun running, we had to get it out of him -- isn't it true, this, this, this.

He did not speak about the Cuban contras, Miami Cubans. He did not speak about narcotics trafficking with the Cubans, and we questioned him regarding that. He was afforded a polygraph on January 14 in two areas.

The first area was regarding the meetings, alleged meeting at Howard Johnson's where the plot to assassinate Tambs was discussed. The results of that were inconclusive.

The second area was Thomas Posey's involvement in such a plot, and he was deceptive in that area. After the polygraph, he admitted being confused regarding Posey's involvement and retracted much of what he had told us regarding Posey.

Q I want to get back to one thing. When you said you had knowledge of the gun running, the information of the shipments, did you learn where these shipments were stored? Were they stored in [redacted]

A At that time? From our Miami investigation we were not aware where they were stored. We were aware of what was occurring or what had occurred in the Miami division.

We -- FBI Miami -- spent a lot of time on this investigation between August and January.

Q What was your knowledge regarding the amount of weapons going down?

A It was not a large amount of weapons.

Q Could you give me an idea?

A The individuals in this investigation would obtain donations of weapons from the Cuban community, and the Cuban community being as anti-communist as it is, readily opened there, whatever they could do to fight the communists providing weapons, money, whatever.

Q So this is under one hundred guns, shall we say?

A Yes.

Q Was any C-4 involved?

A We heard allegations regarding explosives. We have yet to substantiate that explosives were on board any of those shipments. Well, like C-4 or things like that, no. I guess mortars are explosives.

Q And at this point in the fall of 1985, was Posey implicated in the gun running aspect of the investigation?

A Yes, he was. The Miami Herald had implicated Posey from the outset.

Q After you interviewed Garcia and after he did not do so well in the polygraph, did you discuss abandoning the case with the Assistant U.S. Attorney?

A Never.

Q Why not?

A Well, we tried to substantiate Garcia's allegations. Anybody who starts talking about plots to assassinate an ambassador deserves at least an investigation. We attempted to corroborate everything Garcia said. We sent out leads to other offices. We all agreed that it was indispensable to get ~~cooperation~~ CORROBORATION from the individuals who are incarcerated at La Reforma Prison WHO Garcia said were definitely involved with the alleged plot.

We sent out leads for these individuals to be interviewed by U.S. officials in Costa Rica. We made ourselves available for the interview, and they were interviewed later in January of that year.

Q By whom?

A By U.S. embassy officials in Costa Rica.

Q Who?

A I think James Nagle, Robert Thompson, and Stephen Carr were interviewed by U.S. embassy officials in late January 1986.

Q Is Mr. Nagle a security officer?

A Yes.

Q Is he employed by the State Department?

A I think he is, yes.

Q Did you receive a report of the interview?

A Yes, we were sent the results of the interviews of

UNCLASSIFIED

Carr and Thompson.

Q Without going into the nitty-gritty of what both of them told Nagle, I am interested in what you later went in April to interview Thompson and Carr. Was it the same story?

In other words, did they give the same version that was reported by Nagle in January?

A Basically, yes. They denied any involvement or knowledge in a plot to assassinate Tambs, Ambassador Tambs. Carr did admit involvement in gun running weapons from Fort Lauderdale to Central America.

Q And in that January interview, did Carr incriminate anybody else in the gun running plots?

A Yes, he did.

Q Whom did he implicate?

A The same subjects we were investigating.

See, Carr had given the same story to the Miami Herald which initiated the whole investigation -- Rene[illegible] Carv[illegible], PAPITO HERNANDEZ ~~Papito Fernandez~~, and others like that.

Q In January, did Carr mention to Nagle the name Robert Owen?

A I don't recall. I do not think so.

Q What about the name John Hull?

A Yes, he did.

We were aware of Hull ourselves.

Q How did you become aware of John Hull?

UNCLASSIFIED

UNCLASSIFIED

A Source information. We were aware of Mr. Hull as far back as August of 1985. [redacted] we didn't know what Hull was. There were so many allegations regarding him, among them being an operative for the Central Intelligence Agency.

Q Now, during this period of time when Garcia is cooperating and takes the polygraph and you are doing your background investigation, did you have periodic meetings with Mr. Feldman, the Assistant U.S. Attorney?

A Yes, we did.

Q What was his attitude toward the investigation?

A Mr. Feldman, Garcia's public defender by the name of John Mattes, all agreed it was necessary to get the corroboration to substantiate the allegations Garcia had made.

Q Would you describe Feldman's attitude as enthusiastic about the investigation or disinterested, or did he think it was weak as a general proposition?

A None of the above.

Q I don't want to put words in your mouth. I am trying to give a range of options.

A He was open to the investigation, but he understood that Garcia's allegations, especially after the

UNCLASSIFIED

polygraph, were not enough alone to pursue the matter actively. He left it in our hands as investigators to pursue the investigation to substantiate the Garcia allegations, which we did.

Q When did you first request the use of any Grand Jury subpoenas?

A Agents Kiszynzki and myself spoke to Mr. Feldman about the possibility of impaneling a Grand Jury as early as February 1986, Mr. Feldman specifically mentioning impaneling a grand jury on several occasions in March of 1986.

Q When he mentioned it, did he want to?

A He agreed that the grand jury was necessary to investigate not only the gun running but the allegations regarding the plot against Ambassador Tambs.

Q Did he say he needed to get permission to use the grand jury?

A No, he said he anticipated invoking, impaneling a grand jury to investigate this matter in March. He said as much on several occasions.

Q Have you done work on terrorism -- have you done many criminal cases?

A The Omega 7 case was an extremely complex case where, like I said, we were very instrumental in ~~the~~ that investigation. We took it to trial and they convicted the leaders of the group.

Q But what I am getting at -- in terms of your experience in the Miami office, is there some special permission or special step that has to be taken in a criminal investigation to issue a Grand Jury subpoena?

A I don't --

Q Well, in other words, let's say you are doing a routine fraud case and you need to get bank records for a witness or for a suspect. Would anything else be required than just going into the U.S. Attorney's office and asking the assistant assigned to the case to issue you a Grand Jury subpoena for bank records?

A No, that would be how we would do it. That is one of the reasons we wanted the Grand Jury, to obtain records.

Q What I am getting at -- what puzzles me is the huge discussion that goes on throughout this spring of 1986 in the U.S. Attorney's Office regarding whether or not to use a Grand Jury, even to obtain routine documents.

A I am not aware of the discussions.

Q I was wondering from your perspective if something special was required to go to use the Grand Jury.

A Not that I am aware of.

Q Now, were you aware that the U.S. Attorney Kellner had inquired about the case? Were you aware of his interest in it?

UNCLASSIFIED

A I met with Mr. Kellner and Mr. Feldman on March 14, 1986, where this case was discussed.

Q Was Kiszynzki there, too?

A No, he wasn't.

Q Why not?

A Well, I had gone to Mr. Feldman's office to provide him with some Customs records which I had obtained a few days before.

While I was there he went to show the documents that substantiate -- went to show them to A~~n~~na Barnett, while we were in Barnett's office. She had been inquiring... Mr. Kelner had been asking questions if anybody knew anything about this case. He had been getting inquiries from the Justice Department regarding the case.

We proceeded to Mr. Kellner's office. Like I said, I was there, Mr. Feldman was there, I believe, A~~n~~na Barnett was there, and, of course, Mr. Kellner.

He stated he had just been on the phone with high-ranking officials in the U.S. Department of Justice who were inquiring regarding the Garcia matter and regarding the mercenaries incarcerated at La Reforma.

Q Did Mr. Kellner say the focus of their inquiry was the assassination plot or the mercenary gun running activity or was there a distinction?

A At that time, Mr. Kellner did not appear to be aware

UNCLASSIFIED

of the investigation.

A That is why we -- Feldman and myself -- we briefed Kellner about the investigation.

Q I understand that I am asking about the inquiry from the Department of Justice. In other words, you said he wanted to know about the assassination plot. Did he say or did he say they wanted to hear about the Garcia matter or --

A I recall first regarding the mercenaries in Costa Rica and I believe the discussions regarding the alleged plot against the life of Ambassador Tambs.

end mag

UNCLASSIFIED

BY MS. NAUGHTON:

Q What did you tell Mr. Kellner about the case? In other words, how the investigation was progressing?

A As I recall, we fully ~~believed~~ briefed him about the investigation.

Q Did he ask any questions?

A Yes, he did. I really don't recall what the questions were.

Q Do you recall how long you spent with him at that meeting?

A At least an hour.

Q Did you discuss using the Grand Jury at that time?

A I don't recall that we did discuss the Grand Jury.

Q And what was the sense of Mr. Kellner's comments? On the other hand, was he encouraging, was he discouraging? Did he tell you to go forward as quickly as possible or was there any sense of any direction?

A I don't recall any sense of direction. He just want~~s~~ed to become informed as to our investigation.

Q So it was clear when you ended the discussion that you would proceed with your investigation?

A Oh, yes.

Q Did you discuss whether or not to go to New Orleans to interview Jack Terrell?

UNCLASSIFIED

A The question about interviewing Mr. Terrell came about through other information in Miami. In the attempt to substantiate Garcia, we heard that an individual by the name of Jack Terrell, Colonel Flaco, ~~and~~ who ~~would~~ could substantiate specific allegations regarding the plot.

Q Where does Colonel Flaco come from?

A An individual by the name of Jose Coutin mentioned that Garcia -- no, mentioned that Terrell had told him that he had information regarding the plot. We had New Orleans agents immediately go out and interview Mr. Terrell regarding the allegations, and he was interviewed by New Orleans division.

Q When was that?

A Early March, 1986.

Q That was before you interviewed him?

A Yes.

Q I still don't understand Colonel Flaco. Who is Colonel Flaco?

A He is Jack Terrell. Jack Terrell is Colonel Flaco.

Q Where does that come from, Colonel Flaco?

A Late 1984, Mr. Terrell was a member of the CMA led a expedition of CMA members to Los Vegas, Honduras, to the FDN's camp, and he assumed the rank of Colonel, and took the name Flaco as his pseudonym. That was in November 1984, that specific Terrell CMA expedition.

Q Did you discuss the New Orleans trip with Mr.

UNCLASSIFIED

Kellner or was that discussed later just with Mr. Feldman?

A I did not speak with Mr. Kellner again for a long time.

Q So the New Orleans trip was not discussed in that first meeting with Mr. Kellner?

A I do not believe it was. It may have though. We received the information, the teletype, from New Orleans. We thought it was extremely interesting, so we decided to interview him ourselves.

Q Why did Jeff Feldman go along?

A Because he was the Assistant United States Attorney in charge of the investigation. He wanted to go. He requested to go and ~~brief~~ [illegible] Mr. Terrell, and the other agent who went was George Kiszynski. I did not go.

Q Do you know whether or not Mr. Terrell was questioned regarding the gun running accusations?

A He was questioned for over 14 hours. I am sure it was discussed with him. We have the statement. I am sure it is on there.

Q Could you tell me how the trip to Costa Rica came about?

A Mr. Feldman and ourselves, after all these interviews, reached the conclusion that it was necessary to settle this matter once and for all, to discuss with the people who allegedly took an active part in the plot, specifically Mr.

UNCLASSIFIED

Steven Carr, whom Garcia had stated was one of the leaders of the plot, the individual who had the U.S. Embassy's floor plans on him, et cetera, so we arranged the trip to Costa Rica which we did on March 31, 1986.

Q Prior to leaving, do you know whether or not Mr. Kelner was briefed by Mr. Feldman?

A No, I don't. I am not aware of that.

Q Also prior to going, do you recall Mr. Feldman putting together a little chart, with little boxes, and trying to map out who was on this investigation?

A Yes, but by that time we had a pretty good idea regarding the allegations, gun running, contras, the plot against the ambassador. I don't know if Jeff did that specific diagram in Miami or over there in Costa Rica before the meeting with Ambassador Tambs. I believe he did the diagram over there, but I definitely recall the diagram.

Q And he showed the diagram to Ambassador Tambs?

A Yes.

Q I think we are jumping ahead. Im am sorry. For the record -- so we are talking about the same chart, is this the chart that on the top of it has Oliver North?

A Yes. There wre names in descending order from Rene Corvo, on top of Corvo's name was John Hull, on top of Hull's name was Robert Owen, and on top of Mr. Owen's name was Oliver North. It had other names on the chart also.

Q From where had you obtained Mr. North's name?

A A good question. Mr. Owen's name had first come up in late 1985, and Mr. North's name probably came up in around February or March of 1986. I can tell you later where we first heard about each of the individuals.

Q That is what I asked.

A I don't recall right now off the top of my head, but it was in that time frame.

Q When you say Owen came up in late 1985, I think you told me earlier that Garcia had mentioned Owen?

A No, I do not recall Garcia mentioning IT -- no, Garcia did not mention Robert Owen. Jack Terrell mentioned Robert Owen. Investigator Mattes, Public Defender ~~Maddis~~ MATTES, mentioned Robert Owen, and several other individuals.

Q When you went to Costa Rica, what did you understand Owen's role to be? Did you have any idea?

A There were allegations that he was a lobbyist workin for Gray and Company, who was assisting John Hull in the contra network in Northern Costa Rica.

Q Do you know where he was getting his money?

A Not at that time. I take that back. Mr. Terrell had made allegations, I believe, I am not sure, that Mr. Owen had connections with the United States Government. I think he mentioned the Central Intelligence Agency.

Q And as to Oliver North, do you recall when you first learned about him?

A Not right now. I don't.

Q When you got to Costa Rica, did you check in at the embassy?

A We spoke to several United States embassy officials there, George Mitchell, James Nagel, and then we were taken to see Ambassador Tambs.

Q What did you think about that?

A Well, our purpose of the trip was to ascertain if such a plot against the life of Tambs occurred, so we wanted to question him about that.

Q Is that what you---

A If he had any knowledge.

Q Is that what you thought was the purpose?

A One of the purposes.

Q And when you did meet with him did you ask him these questions?

A Mr. Feldman did most of the talking. Mr. Feldman briefed Mr. Tambs thoroughly about our investigation. He took out his diagram and he proceeded to go ~~to~~ into the different aspects of the diagram, and then he went up that little ladder from Corvo to Hull to Owen and North.

Q Let me set the background just for a minute. Before you went to see Tambs, did you discuss with Jeff Feldman the wisdom or whether or not you should tell these

UNCLASSIFIED

people anything in terms of what you were here for and what questions you had?

A Yes, we discussed generally what we would discuss with the ambassador.

Q And what did you conclude?

A What was on the diagram.

Q So you all agreed to tell him everything?

A Yes, discuss the investigation with him. He was United States Ambassador to Costa Rica.

Q And when you came into meet the Ambassador, what did he say he wanted? In other words, how did he express his interest in the investigation?

A We were there basically explaining to him the purpose of our trip.

UNCLASSIFIED

UNCLASSIFIED

Do you want the names of the other people present?

Q At first, yes, when you first came in. Tambs is there. Who else is there?

A Myself, Special Agent George Kiszynzki, Assistant United States, Jeffrey Feldman, our Legat in Panama, Patrick Lang, and James Nagel.

Q Now, as Mr. Feldman took out the chart and began explaining it to Ambassador Tambs, can you tell me what happened?

A Well, after Mr. Feldman finished with the diagram, and very soon after he mentioned the names Robert Owen and Oliver North, he told Nagel, [redacted]" and [redacted] came into the room.

Q Was that the Ambassador's only comment when Oliver North's name was mentioned?

A That is the comment I can recall. I don't remember what else he may have said. He didn't seem to react, make any comments regarding the diagram. He just wanted [redacted] [redacted] in there.

Q So, [redacted] came into the room.

A Yes, he did.

Q How were you introduced to him?

A I believe as the [redacted]

Q And what happened when [redacted] came in?

A I believe Feldman went briefly over the diagram

UNCLASSIFIED

again. [redacted]

Q What did he say about that?

A [redacted]

Q What did he say about Hull?

A [redacted]

Q You were aware at this time of the Boland Amendment?

A Yes, I was.

Q And what did [redacted] say about Robert Owen, if anything?

A I don't recall [redacted] making any statement regarding Mr. Owen.

Q What about Oliver North?

A The same, no statements that I recall regarding Oliver North.

Q Do you recall Mr. [redacted] saying anything about Oliver North had introduced him to the President?

A That wasn't [redacted]

UNCLASSIFIED

Q Okay.

Who made that statement?

A Later -- I believe it was on April 3rd -- Mr. Nagel made a certain statement to us.

Q We are skipping ahead, but that is okay. What did he say?

A Regarding the President?

Q Yes.

A Something to the effect that "Mr. Hull was a friend of President Reagan's," and "Hull personally knows Mr. Regan, if you understand what I mean."

Q Getting back to the [redacted] meeting on -- I guess it would be April 1st.

A Yes, it was on April 1st.

Q Did [redacted] say anything to the effect that Olive North had introduced him the week earlier to the President?

A No.

Q Did he ask you if you knew who Oliver North was?

A Not that I recall.

Q What else do you recall about that meeting?

A They were very polite with us, very cordial. But at the same time there was a reluctance on their part to us. They seemed protective of Mr. Hull and people that we were there to discuss ~~about~~, but I want it to be made clear they were very cooperative with us during the time we were there.

UNCLASSIFIED

BEST AVAILABLE COPY

They took us to La Reforma. They never got in the way of our investigation by any means, but we did note a certain reluctance on the part of these individuals.

Q Did they let you interview people by yourselves or did they insist on being present?

A We were allowed to interview people alone, even though Mr. Nagel was with Mr. Kiszynzki for the interviews of Peter Glibbery and Robert Thompson.

Because of manpower limitations, there were only three of us, and because of time contraints, myself and Feldman did the interviews of some of the people at La Reforma, while Kiszynzki and Nagel did the interviews of others.

Q Did you ever get the impression for the several days you were down there that they were keeping close tabs on your actions or that they were following you or that they were listening to conversations, anything along those lines?

A They were there ~~where~~ when we did our investigations. They were the ones who took us there and back, from the jail to the hotel, so they were there almost all the time, except when we were at the hotel.

Q Did you know of or overhear any person employed at the embassy calling anyone in Washington, or did you hear of any such references?

A I heard about such calls through Assistant United

States Attorney, Jeff Feldman.

Q What did you hear?

A Can I ~~go~~ give a little history on this?

Q Sure.

A From day one there, we attempted to interview John Hull. At the beginning we thought it would be very easy. Somehow we did make contact with Hull through embassy officials, I believe, and he agreed to be interviewed on April 3rd.

On, I believe it was, April 2nd at the hotel,, Mr. Feldman got a telephone call from Mr. Hull. Mr. Hull said to the effect that we had caused problems with our interviews, and that he had been told not to speak to us.

Mr. Feldman asked if he had been told that by anyone at the United States embassy, which Hull denied.

The next day, when we did go to the United States embassy, we were made aware by U.S. Consul Kirk Kutola that Hull had been to the embassy on April 2nd, that he had made inquiries about if he had to speak to us or if he needed a counsel present.

Mr. Kutola told us that he had informed Mr. Hull that it was his right to have a counsel present and that it was his decision to talk to us or not.

While we were speaking with Kutola in the US Consul ~~counsel~~ area, Mr. Feldman was speaking -- spoke briefly to an individual by the name of Paul Fitzgerald, who was an employee at the United States embassy. I have no personal knowledge of this, but Feldman told me this soon after, that Fitzgerald had told him that Hull had been to the embassy, had spoken to Ambassador Tambs, and that he had been in contact with National Security Council officials in Washington regarding our inquiries.

Q That Hull had been or Tambs had been?

A That Hull had been to the U.S. embassy the day before, had spoken to Tambs, and had been in contact with National Security Council officials in Washington regarding our inquiries.

Q What did you think about this when Feldman told you that?

A Very interesting.

Q Did you do anything to follow up on that?

A We all thought we were on to something. We thought that the matter, the whole investigation should be pursued. We were all optimistic about returning to Miami and initiating -- I ~~mean not~~ don't mean initiating, but pursuing this matter aggressively.

I believe we spoke about the Grand Jury investigation, I mean getting a Grand Jury to help us in this matter.

Q Did you prepare a report of your interviews in Costa Rica?

UNCLASSIFIED

A Yes.

Q Did you also prepare information regarding the things of which you just told me?

In other words, that is, NSC had talked to -- that you had reports that NSC had talked to Hull.

A I reported our conversations with the Ambassador to FBI HQ.

Q HQ is a big place. Whom did you send it to when you send the ~~air teller~~ airtel, the teletype?

A To the terrorist section, to the supervisor who was in charge of our investigation at Headquarters.

Q Was that in Division 6?

A International Terrorist Unit. I don't know. And I don't recall the supervisor on the case. We have had many.

Q In Miami?

A No -- supervisor in Headquarters who was handling the investigation up in D.C.

Q There are many of them?

A No, we have had several supervisors on our case over the course of the investigation. I think we have had five or six supervisors, so I don't want to give you any names now of the person it was sent to.

Q But what I am getting at, when you say "supervisors", do you mean in D.C. or Miami?

UNCLASSIFIED

UNCLASSIFIED

A Washington, ~~in~~ at Headquarters.

Q Do you know who Buck Revell is?

A Yes, I do.

Q Have you ever discussed this case with him?

A No, I haven't.

Q Has he ever inquired of the case, to your knowledge, either in writing or verbally?

A Yes, he has.

Q When was that?

A In March 1986.

Q Can you tell me how that came about?

A To the best of my recollection, myself and George Kiszynski were told by an Assistant Special Agent in Charge in Miami by the name of Jim Freeman that Mr. Revell wanted a summary of our investigation in the Renee Corvo matter expeditiously to be forwarded to headquarters.

We spent a lot of time. When an Assistant Director wants it, he gets it -- putting it together in LHM, letterhead memorandum, ~~in~~ and a cover ~~air telegram~~ airtel to FBI HQ with a summary of the case up to that time.

Q Did that include the reference to the NSC?

A Owen was mentioned because we included Terrell's statement in the LHM, and on the cover ~~air telegram~~ airtel we mentioned that we anticipated the Grand Jury, and we again mentioned Mr. Owen, Mr. Hull, Sam Hall as targets, as possible

UNCLASSIFIED

targets of the Grand Jury.

Q Did you mention Oliver North in the LHM?

A I don't recall.

Q Your office maintains a copy of that?

A Sure.

Q Did you mention NSC?

A I believe Terrell mentioned Owen and the NSC. I am not sure.

Whatever Terrell said was in the LHM.

Q But your LHM didn't go into the facts of the . embassy, what Hull had done?

A No, because it was in March. This was before our trip to Costa Rica.

Q Oh, yes. I am sorry.

A We were in Costa Rica from March 31 to April 4. The LHM, I believe, is dated March 20.

Q Did you show the LHM to Jeff Feldman?

A We probably presented -- I am not sure. We probably gave Mr. Feldman a copy of the LHM. It was about 38 pages.

Q And after you sent the LHM, did you hear any response from anyone at headquarters, including Mr. Revell?

A No, we didn't speak. Normally we don't.

Q No questions or follow-ups or directions?

A No. An LHM is very customary in investigations. It just summarized what we ~~have~~ had done to date, and we forwarded

UNCLASSIFIED

it to ~~H~~headquarters for their information. We didn't expect a reply.

Q Had you or had Mr. Revell asked you about any of your other cases or, you know, come through channels?

A I may have in previous cases. I really don't recall. I probably have.

Q Were you asked at any time up until December of 1986 to provide updates on that LHM?

A No.

Q That is the only one you prepared in terms of summary of the facts?

A No. I provided one before March. I provided one in October 1985. You want to know where I summarized the facts?

Q Yes.

-small letters
Prosecutive Report

A On a ~~P~~prosecut~~es~~ive ~~R~~report dated July 31, 1986.

Q And that is the one that went to Mr. Kellner?

A That is right.

Q Was a copy of that sent to ~~H~~headquarters?

A Yes, it was.

Q Do you know to whom?

A Eight copies were sent to ~~H~~headquarters. It is formal procedure to disseminate that to ~~H~~headquarters, ~~as~~ to the Department of Justice.

I don't recall specifically who got copies of the

UNCLASSIFIED

UNCLASSIFIED

LHM or the Prosecut~~or~~ive Report.

Q Did you send either the March LHM or the Prosecut~~ion~~ive Report to any field offices?

A Later, because it is a pretty good summary of the investigation, I sent copies of the Prosecut~~or~~ive Report. I believe I sent one to New Orleans, who was handling the Posey matter or had the case on Posey, and I may have sent it to other offices. I don't really recall, but at the time it was written I believe I only sent copies -- we only sent copies to Headquarters and, of course, the United States Attorney's Office and Customs, Miami U.S. Customs.

Small letters

Q Do you deal with any particular individual at Customs in Miami?

A Jim [redacted] Kilfoil. He is still helping in the investigation.

Q Did you ever hear from a Mr. Rosenblatt from Customs?

A Rosenblatt works for Mr. Kerry?

Q No, that is a different name. This is Mr. Rosenblatt, the director with Customs.

A Not that I am aware.

Q Do you know whether or not Mr. Revell made further inquiries regarding your case after asking for the March summary?

A Not that I am aware.

UNCLASSIFIED

Q Do you have any reason to believe that the contents or the LHM itself was disseminated to anyone other than personnel at FBI headquarters or field offices?

A Not that I am aware.

Q Do you have any reason to believe that?

A Recently in the media I have read that some people have memos that were written in early 1986, but I don't know if that is the LHM or what, so I really don'~~t~~know.

Q While we are on the subject of memos, then, did there come a time in which Jeff Feldman prepared a memo for his boss?

A Yes, there did.

Q And did you get a copy of that from him?

A I got a copy of the second version.

Q Just for the record now, there are many versions. They are all dated May 14.

A That is correct.

Q So, we are talking about the same memo.

I think it was actually four versions, just so we set the record straight.

Mr. Feldman does a rough~~t~~ draft in which there is not very much of a conclusion other than going forward. It is sent back for revision.

The conclusion is elaborated. It is still going forward. Mr. Kelner concurs. Then there is a meeting and the

UNCLASSIFIED

UNCLASSIFIED

conclusion is redrafted by Mr. Kelner's assistant?

A Then there are five versions.

Q There is another version?

A Yes.

Q What is that?

A What I understand, because I was in the office with Feldman -- he had already prepared the rough draft, but he hadn't done the recommendations, the conclusion, so we were seated there. We put in -- can I regress?

Q Sure, start from the beginning.

A He called me in, because he wanted to go over this memo that he had prepared, so he reads it to me. I generally do not like the tone of the memo, and I said so to Mr. Feldman. I thought it down-played the investigation. It wasn't strong enough.

But he did include our statement in there, that we wanted a Grand Jury, and he put some of the reasons why we wanted the Grand Jury, so I was happy with that.

He also stated -- he wrote a paragraph at the end -- that he did recommend the Grand Jury. ~~and~~ I was with him when he wrote that.

I left. I thought that was it. I thought we were going to have our Grand Jury.

I later got a copy -- no, I was later told by Mr. Feldman that Kelner had told him to change the recommendation for the Grand Jury, and that now the conclusion stated that the Grand Jury was premature. I was given a copy. I asked for a copy of that version, and I got it, and that is the one I have, but that copy is not the one that I have become aware of recently, which mentions in the last paragraph, a "fishing expedition." So, the only copy the FBI has -- and I did forward this to our headquarters in, I believ June of 1986 -- the only version that I am aware of that I have, and, therefore, I believe Headquarters has, is the one which says, the "Grand Jury is premature" but makes no mention of a "fishing expedition."

Q For the record, I am going to show you a memorandum dated May 14, 1986, "Subject Costa".

The last page, page 21, refers -- makes this reference here to a "fishing expedition." So is it my understanding now -- correct me if I am wrong -- that this is not the version that you received from Mr. Feldman, the last version you received from Mr. Feldman? Is that correct?

A That is correct. I have never seen this specific page to this memorandum.

Q Why don't you take a minute, then, since you haven't seen this, and starting at the conclusion on page 20, read through that.

Had you read that before?

A The initial part of the conclusion, the first and second paragraphs, are similar to the version that I have about the initial conclusion and the FBI request for a Grand Jury, and the reasons described therein.

The last paragraph after the first sentence -- the second sentence -- is new to me.

Q What was your opinion of the reasons given for not using the Grand Jury, especially for the request, just to get routine documents?

A As I say, these are some of the reasons we had for the Grand Jury.

I mentioned to Feldman several more. I don't recall them now. He said, "No, that is enough," because we anticipated the Grand Jury.

What was the question again?

Q What you think -- I mean, in your experience from this case and other cases, what do you think of the reasons given there for not seeking the power of the Grand Jury, especially to issue subpoenas for routine documents?

A As case agent, one of the case agents on the case, we would have liked the Grand Jury to be able to at least have the opportunity to get the documents we needed in the investigation. It would have been a very helpful tool.

Q I assume you received this memo -- not this memo, your version, what you got, from Mr. Feldman some time in late April.

Would that be about right?

A No, May.

Q Mid-May?

A Yes, around the date, this date, because upon hearing from Feldman that Kellner had asked him to change the memo, we wanted a copy of the memo. He provided it to us, and, of course, we forwarded it to our Headquarters afterward.

We were disappointed, but we did continue forward with the investigations, and we did some extremely important interviews, including the main subjects, some of the main subjects in the investigation, who had made a lot of admissions regarding the gun running.

Q Did those interviews include Robert Owen?

A No.

Q Did they include Tom Posey?

A No, but we interviewed -- you see, at this time, we were mainly interested in the Miami ~~site~~ SIDE. We were investigating CMA and Posey and Owen, but ~~I have~~ we had to build it up.

We interviewed Rene Corvo, who was in charge of the CUBAN CONTRA ~~OM~~ camp down there, the second in command at the camp, people who piloted the flights from Miami -- I mean, from Fort Lauderdale -- and we were able to corroborate that the flights had, indeed, occurred, that weapons were on board the flight, and more important, that Mr. Corvo and others were recruiting individuals from Miami to go fight with the contras in Central America.

Q When you sent your version of the May 14 memo to headquarters, did you send with it any recommendation or any memorandum explaining it?

A We made it a custom to send Headquarters copies of all of our investigative reports, of our interviews, just for their information.

Q Did you at any time during the period from May until, let's say October of 1986, make any attempt through Headquarters or through any of your superiors to try to get the U.S. Attorney to change his position?

A Yes, we did.

Q Can you tell me what you did in that regard?

A The main thing we did, we wrote the ~~P~~ prosecut~~or~~ive ~~R~~ report. My supervisor was sick. At the time, I spoke to the relief supervisor, by the name of Eduardo Sanchez, and we discussed what could be done to get this case going, especially after the interviews of some of the main subjects in the case, who basically admitted to the allegations that we were investigating.

Small letters

We agreed that the ~~P~~ prosecut~~or~~ive ~~R~~ report would force their hand, That . . .

UNCLASSIFIED

UNCLASSIFIED

→ The United States Attorneys, upon seeing the 302's ~~[illegible]~~ and the evidence we had, would have to make a decision, one way or the other regarding the Grand Jury in this ~~other~~ matter ... or taking it to prosecution, so, therefore, myself and George Kiszynzki -- I did most of the writing myself -- we put together about a 200-page prosecutive report which outlined the violations and the evidence we had obtained up to that time to support the prosecution of this matter.

small letter

Q This went over to Headquarters, I assume?

A The prosecutive ~~or's~~ report was dated July 31. I believe I personally took it to the United States Attorney's Office in Miami on that same date and delivered two copies to a Jeff Feldman, one of them for Mr. Kellner.

Q Now, what was done in terms of the FBI hierarchy?

A We sent the necessary copies which you normally send prosecutive ~~or~~ reports to Headquarters. We sent, I think, about eight copies to Headquarters, not for any particular reason, except that is ~~as~~ the number that is required to be sent up there.

Q What I am getting at, though -- did you or any of your supervisors or Mr. Kiszynski have any conversations with anyone at headquarters to get them to perhaps go up your chain and up the Department of Justice chain to get pressure?

A After we wrote the prosecutive ~~or~~ Report, we waited

UNCLASSIFIED

a while, because we anticipated the United States Attorney's Office either invoking a Grand Jury or prosecuting the matter or at least making a decision.

Nothing happened. Nothing. We became aware later that Mr. Kellner told Mr. Feldman not to do anything on the case until he made a decision on the Prosecutive Report. We didn't know that.

We continued our investigation, but at the same time, as time went by, nothing was happening. We started to telephone the supervisors, our supervisors in Washington ~~and in~~ at FBI HQ, letting them know that the United States Attorney's Office was, I would say, dragging their feet in this matter.

At the same time, we frequently went to Mr. Feldman's office ~~or to~~ at the United States Attorney's Office to pressure Mr. Feldman ~~in~~ and the United States Attorney's Office to make a decision in this matter.

We would call Mr. Feldman two or three times a week, asking him, "What about this? What is happening?"

At the same time, I personally spoke to Headquarters to see if they could go directly to the Justice Department to see if they could force the United States Attorney's Office in Miami to take action in this matter. ~~and~~ I went on vacation in October -- early October, I believe -- and George Kiszynski also telephoned Headquarters and spoke to

UNCLASSIFIED

UNCLASSIFIED

the supervisor or agent who was handling the case to ask them to go to Justice.

Q First of all, who did you speak to at Headquarters?

A Like I said, we had so many. It depends who was handling the case at the time.

It could have been Simeone. I don't want to give names, but we could get the names from the file, whoever was handling the case.

UNCLASSIFIED

UNCLASSIFIED

Q Did you ever get a positive response?

A Sure.

Q In other words, did anyone plan to go to the Department of Justice?

A They were very receptive. They understood our dilemma. They said they would try to help us, and they said they would and that they did. They told that to George, that they would, and they did go across the street to Justice.

Q Do you know that they did?

A They told George that they did.

Q Do you know to whom they spoke in the Department of Justice?

A No, I don't.

Q Do you know who from the FBI went?

A No, I don't. I assume the supervisor we spoke to.

Q Do you know whether or not Mr. Revel was involved at all in this process?

A No, I don't. Like I said, Headquarters appeared very receptive to our inquiry. They appeared to really want to help us in the investigation.

Q Regarding the May 14 memo, you referred before to press accounts of this memo. Had you heard at any time that this had been leaked to the press?

A Yes, recently.

Q Did you give a copy of this memo to anyone other tha

UNCLASSIFIED

UNCLASSIFIED

an employee of the FBI?

A I don't have a copy of this memo.

Q All right. The version you have, did you give one to anyone other than an employee of the FBI?

A I may have given one to Feldman.

No, I take that back. Feldman had it. Just to the FBI.

Q Do you know whether Mr. Kiszynzki gave a copy of this to anyone not employed by the FBI?

A Not that I am aware.

Q Do you know whether Mr. Kiszynzki gave a copy of this to Buck Revel?

A No, I do not. No, he did not give a copy to Buck Revel.

Q Do you know of anyone, either at the U.S. Attorney's Office of at FBI headquarters, who disseminated this memo to anyone not a Department of Justice employee?

A No, I don't.

Q Do you have any idea?

A Yes.

Q We can go off the record if you want to.

A Okay.

(Discussion off the record.)

MS. NAUGHTON: Back on the record.

UNCLASSIFIED

UNCLASSIFIED

UNCLASSIFIED

BY MS. NAUGHTON:

Q Do you know whether or not either this memorandum of May 14, 1986, your HHM, or any other investigative reports were sent to the National Security Council by anyone at the Bureau?

A I have heard in the media and in the Webster confirmation hearings that Mr. North has copies of -- I know for a fact he has copies of teletypes which were sent in early 1985 regarding the James Adair matter.

Q That is the Posey Alabama case?

A Right. Right, but on our case I have no knowledge.

Q Did you ever hear Mr. Kiszynski make any references to any contacts with the NSC on this matter or any other matter?

A There have been allegations to that, but George Kiszynski does not know Mr. North or anyone else with the NSC that I am aware of.

Q Do you know whether or not, though, that he might have sent any information on this or any other matter to the National Security Council?

A Through FBI channels, he sent copies of a January teletype. He asked that it be disseminated to Mr. North, but that was because of the previous teletype from Los Angeles, and he did it through FBI HQ. He has no direct contact with Mr. North that I am aware of whatsoever.

UNCLASSIFIED

Q When Mr. Feldman told you that Kellner had told him to stop working on it until he had made a decision, do you recall when that was? Was it after your memo, your prosecution memo had been given to Mr. Feldman?

A He told us that just a few weeks ago.

Q And what did he tell you?

A That Kellner had told him not to take any action, not to issue any subpoenas, not to do anything, period, regarding the investigation pending his review of the prosecut~~or~~ive report.

Q Did Feldman tell you that Kellner referred to political reasons?

A No.

Q Was there any mention of politics involved?

A None at all.

Q Did Feldman mention to you that Kellner had gone to the Department of Justice in August to discuss this matter?

A I don't recall he did.

Q Did you ask your SAC or your assistant SAC to contact Kellner directly to get the matter moving?

A We never met with our SAC to discuss getting this moving. We discussed ways of getting it moving among ourselves, the supervisor, and we decided, if I recall, that it was best to do it through Headquarters, which is what we did.

Q Were you aware of the Attorney General's visit in

UNCLASSIFIED

April of 1986 to Miami to visit the wounded FBI agents?

A Yes, I was.

Q Were you aware of that before he went?

In other words, were you aware he was coming?

A Yes, I was.

Q Were you part of that convoy or the escort detail?

A I was at the funeral, and I recall Mr. -- well, I was at the funeral when the Agents were buried.

Q Was Mr. Meese present?

A I believe he was.

Q Do you know whether or not Meese inquired of anyone either at the U.S. Attorney's Office or the FBI, about your case?

A No, I don't.

Q Have you since been told by anyone who inquired about your case?

A I read about it in the Village Voice and other related articles, Newsweek, etc.

Q When you read about it, what was your reaction?

A Surprise.

Q Why?

A I was more curious if it was true or not. Like I said, I am not aware of any facts to substantiate or dispro such allegations. I still am not.

Q To your knowledge, did Mr. Kellner ever instruct the

FBI either by himself or through any of his assistants to go slow or to cease doing any more work on any other investigation?

A Kellner and the United States Attorney does not tell the FBI how to conduct their investigations. He has never directly interfered in any investigation that I am aware of.

UNCLASSIFIED

A Could I add something? When we have spoken to Mr. Kellner, he just appears to be ignorant regarding the specific allegations in the case.

He to this date, I believe, still thinks that the case has to do with a few weapons. I have no indication that he ever conspired to obstruct justice or anything of that nature.

Q Had you or Mr. Kiszynzki ever briefed Kellner other than that very first conversation you described in March of 1986?

A We spoke to him during December of 1986 briefly, at a party at the United States Attorney's Office. George and I were there, and Mr. Kellner walked in and approached us and started talking to us about the case, and again in January we discussed it briefly with him again.

In December he didn't understand what all the commotion was all about, because all it dealt with was a few weapons. We tried to explain to him it was a lot more than that because of the recruitment of people that were being sent down there and consequently had been arrested and incarcerated there and probably would be in jail a long, long time, either in Nicaragua or Costa Rica.

Then again in January we spoke to him, again, and he made more or less the same comments.

May I go back to December? He said -- the only thing

UNCLASSIFIED

UNCLASSIFIED

he did [redacted] in the case was to leave the Prosecut~~or~~ive's Report on his desk [redacted] for several months.

Q That is your report?

A Yes.

Q Did he indicate to you that he had read your report?

A Not that I am aware.

Q Did he say anything which indicated that he hadn't?

A I think he said he briefed through it.

Q Scanned it?

A Yes, briefly went through it.

Q During this period of time that the case sort of -- for lack of a better word -- stagnated in the U.S. Attorneys Office and Mr. Feldman was working other cases, was there any discussion of asking the U.S. Attorney to re-assign it to an assistnat who was less busy with other things?

A No; we have always been very happy with the way -- when Feldman works on the case, he is very good as a prosecutor, very good attorney, extremely thorough. You couldn't ask for a harder working Assistant to handle the case with you.

So we have no complaints on the way Mr. Feldman has handled the investigation aspects of the case once the case got forward.

Q My question was, during the summer months he is pre-occupied with other cases. Was there ever discussion of

UNCLASSIFIED

assigning another even to just help him with your case?

A Not during the summer.

Q Was there ever any discussion of giving any help to Mr. Feldman?

A After we finally got the Grand Jury, October or November, there was a discussion about getting assistance for him to help out in the investigation.

Q How much renewed effort do you see attributed to the Hasenfus crash?

A What I know is that we did get the Grand Jury after the Hasenfus incident. I really can't say if it was a direct result of that or not.

Q Did you ever see any memorandum written by Mr. Gregorie, the chief of the criminal division, in October regarding this case?

A No, but I heard about it.

Q What did you hear?

A I don't recall, but there was something regarding Gregorie's memorandum for the initiation of Grand Jury to investigate this matter. I think Feldman may have mentioned it, where it was recommended that the Grand Jury be initiated in this matter.

Q Do you know whether or not Mr. Kellner during this period from, let's say April of 1986 to October of 1986 -- whether or not he had been confirmed as U.S. Attorney?

UNCLASSIFIED

A I don't think he had been confirmed as U.S. Attorney.

Q Was there any discussion between you and Mr. Kiszynski or anyone else at the FBI regarding why Mr. Kelner was proceeding so cautiously in the case?

A There was a small incident -- I don't recall the details of it -- that Kiszynski allegedly had made a comment that the reason for the delay was because Mr. Kellner had not been given his appointment. At least the statements were attributed to Kiszynski and later they were attributed to our supervisor, by the name of Paul Philip~~s~~.

Paul ~~and ours~~ had never, ~~--~~ I never heard Paul saying anything to that effect, ~~that~~ what came to the attention ~~to~~ of Mr. Kellner, who telephoned our office, and then there was a brief commotion regarding the statements -- who had made them and who said what. Then it ~~descended.~~ was cleared up.

Q Was there ever any discussion either with Mr. Kellner personally or that you heard of where Mr. Kellner expressed concerns that innocent people might be dragged into a Grand Jury investigation or names disclosed that shouldn't be?

A Not that I am aware of.

Q Regarding the Hasenfus investigation, did you participate in that at all?

UNCLASSIFIED

A No, I did not.

It was out of my squad, though.

Q Do you know whether or not that was generated by the local FBI field office or by headquarters?

A Initially, it was generated by our Miami office, to the best of my recollection.

Q Don't you have to get an FBI headquarters approval first, assuming it is a neutrality act?

A Yes, as I stated earlier, so they may have. I don't really -- I do know several of our squad members did go out to Southern Air the day after or something after the revelations were made, but I don't know that much about the case afterward.

Q Were you aware of any communications to Judge Webste or Mr. Ravell concerning delaying that investigation in the early weeks of October of 1986?

A I am not sure, but certain individuals from FBI Headquarters did contact individuals on our squad regarding the Hasenfus matter -- specifically, I believe, Mr. Revell, Mr. Ravell may have telephoned Eduardo Sanchez, but like I sa: I was not that involved with the case, not involved with it at all, just what I have heard. Contact them and they can give you more information.

Q Let me ask about another case -- [redacted] Were you familiar with that at all?

A Is he [redacted]

Q [redacted]

A I am aware of the investigations, yes.

Q Did you ever participate at all in that?

A It ~~is way~~ was done out of our squad. I was there during the arrest. I did one of the searches of one of the major subject's residences. I testified in the trial.

So, I am basically aware, generally, about the case, though I was not an active part of the investigation, per se.

Q What was the sentiment amongst the people who worked the case of how serious his crimes were?

In other words, he was charged with a very serious offense, and yet the sentence he receives is fairly lenient.

A I am not that familiar.

I am aware that the FBI investigators who handled that investigation did an outstanding job throughout the whol investigation. You couldn't ask for harder workers.

Q Were they disappointed in the guilty plea bargain and then the sentence?

A I don't know. You must ask them.

Q In your work on that case, as participating in the search team or any other connection, were you aware of any kind of connection between [redacted] and the National Security Counsel or people acting as consultants or on behal of any agency of the U.S. Government?

A Not that I recall.

Q Were you aware of any agreements or attempts to transfer [redacted]

A No, I am not.

Q Regarding the investigation we have been spending most of our time with, getting back to that for a minute, is there anything that we haven't gone over that you think should be included for the record, any incidents, any statements, any things that you think would be of import to the committee?

A Nothing except to say that we actively, aggressively pursued this investigation from its initiation. We never stopped or slowed down our side. We pursued this as aggressively as we could.

We have always been interested in the prosecution of this matter.

Q I am going to ask you some names and ask you whether or not either you are familiar with them, because, either number one, you have met these people, or you have spoken to these people, or these people have been mentioned in the course of your work.

In other words, everything you might know about these people other than what you might have read in the [illegible] I don't want to know about that

UNCLASSIFIED

A I may not go into detail as it affects our pending investigation.

Q I understand.

A I guess I could let you know if we are aware of their activities or not.

Q That is really all I want to know.

Elliott Abrams.

A No, just what is in the media.

Q Were you aware of any connection with Mr. Abrams and [redacted] Did [redacted] ever mention Elliott Abrams?

A Not that I am aware of.

Q Did you ever interview [redacted]

A Only met him on that occasion in Costa Rica. I would like to speak to him.

Q Have you made any request of the CIA to interview [redacted]

A Not specifically, no.

Q Charlie Allen?

A No.

UNCLASSIFIED

Q James Bastian?

A No.

Q Enrique Bermudez?

A Heard about him. He is an FDN military leader. He has come up repeatedly in our investigation.

UNCLASSIFIED

Q Adolfo, Mario Calero.

A I know of both of them. We have interviewed Mario.

Q Was that in New Orleans?

A Miami.

Q Vince Cannistraro.

A No.

Q Thomas Castillo.

A Isn't that [redacted]

Q Good. How do you know that?

A Through the course of our investigation.

Q George Cave.

A No.

Q Carl "Spitz" Channell.

A No.

Q Linda Chavez.

A No.

Q Dewey Clarridge.

A His name has come up during the investigation.

Q Thomas Clines.

A No.

Q William Cooper.

A Media.

Q Daniel Conrad.

A No.

Q Paul Cutter.

UNCLASSIFIED

UNCLASSIFIED

A No.

Q Is there a case in the southern district of Florida involving Paul Cutter?

A Not that I am aware of.

Q Edward DeGaray.

A No.

Q Ken DeGraffenreid.

A No.

Q Pires DeMiranda.

A No.

Q Ambassador Robert Duemling.

A No.

Q Robert Dutton.

A No.

Q Robert Earl.

A No.

Q John Ferch.

A No.

Q [redacted]

A No.

Q David Fishher.

A No.

UNCLASSIFIED

Q Donald Fraser.

A His name sounds familiar, but nothing that I recall

Q Roy Furmark.

A No.

Q Richard Gadd.

A No.

Q Elen Garwood.

A No.

Q Roy Godson.

A No.

Q Frank Gomez.

A No.

Q Max Gomez.

A Yes, we have heard about him in the case.

Q [redacted]

A [redacted] Generally, he is not an active part of the case. It is just because of his activities there [redacted] his name has frequently been mentioned.

Q Do you know him by any other name?

A Felix Rodriguez.

Q Donald Gregg.

A Initially in the case.

Q That was from Saum.

A From Secret Service regarding Alan Saum.

Q Albert Hakim.

A No.

Q William Langton.

A No.

Q Michael Ledeen.

A No.

Q [redacted]

A

Q In the investigation?

A Yes.

Q Constantine Menges.

A No.

Q Ernest Miller.

A No; another Miller.

Q Richard Miller?

A Yes.

Q Has his name come up in the course of the investigation?

A Yes.

Q Walter Miller?

A No.

Q Herman Moll -- M-O-L-L.

A No.

Q Had Ross Perot?

A No.

Q Rafael Quintero.

A Oh, yes.

Q In the course of the investigation?

A Yes.

Q Nestor Sanchez.

A No.

Q Wallace "Buzz" Sawyer.

A No.

Q Richard Secord.

A Yes.

Q His name came up in the course of the investigation?

A Yes.

Q Ted Shackley.

A Yes.

Q Daniel Sheehan.

A No.

Q John Singlaub.

A Yes.

Q In the course of the investigation?

A Yes.

Q Howard Teicher.

A No.

Q Chuck Tyson.

A No.

Q Sam Watson.

A No.

Q Faith Ryan Whittlesey.

A Excuse me.

Q Whittlesey.

A No.

Q She is Ambassador to Switzerland.

A No.

Q I show you two really terrible photographs and ask you if you recognize those two individuals.

A Yes.

Q How do you recognize them?

A From the media.

Q For the record, those are pictures of Albert Hakim and Richard Secord.

Q Have you spoken on any occasion with Mr. Jamar at FBI headquarters?

A Not that I recall.

Q Had you or anyone you know of at the FBI in Miami been asked to run any leads on Mr. Zadeh out of Pennsylvania?

A Not that I am aware.

Q This is an investigation involving Richard Miller and a man who claimed to be a prince, Saudi Arabian prince.

Have you read about that?

A Yes, I have.

Q You have had no involvement in that?

A No.

Q Prior to your coming today, did you discuss your deposition with anyone?

A Many people know I was to come down here and be deposed.

We did have dinner with Mr. Feldman and his wife on Saturday. We hardly discussed -- this is our families, George Kiszynzki, his wife, myself and my wife and Feldman and his wife. We went out to dinner, and we had been planning to do so for a long, long time, and he basically said that he had been here, which we were aware of before, that he was coming down and that he had been questioned regarding the delays.

He didn't give any type of details, and we didn't ask for them. He was aware that we were coming down here this week.

Q What, if anything, did he tell you?

A That it was regarding -- the inquiry was regarding the United States Attorneys Office and that nature, and because of the Village Voice article we assumed there would be in that nature ourselves.

No, he never mentioned any type of questions he was asked or provided, or we didn't ask any type of details. We assumed what we would be asked about.

Q He didn't tell you about the thumb screws?

A No, he said he was a little nervous before he went in. He was interviewed for about five hours. That is about it.

Q Did he mention any conversations he had with

UNCLASSIFIED

Mr. Kellner either before or afterward?

A I know that Mr. Feldman had been in contact with Mr. Kellner before he went in, but I don't know the nature.

I know they had meetings together. I assume it was to discuss this, but I have no direct knowledge nor has Feldman discussed -- he does not tell us about his discussions with Kelner, even if we ask.

Q Have you met Agent Michael Boone from Los Angeles?

A I have not met him.

Q Have you spoken to him?

A No, I have not.

Q Did you ever run Oliver North's name through any checks, either at the FBI or through any other law enforcement system or any other type of check?

A Not Mr. North's.

Q What about Mr. Owen?

A I think we did.

Q What did you come up with?

A I believe we ran his name through the CIA, but I do not recall that much. We ran most of the names of the subjects in our case throughout the course of the investigation. I don't remember specifically what the reply was. It wasn't anything earth-shattering or I would have recalled it.

Q Did you request at any time to interview

UNCLASSIFIED

Oliver North?

A No, we haven't.

Q Were you aware that he had been interviewed by FBI agents on other occasions?

A No, I wasn't. We wanted to start at the bottom.

Q Okay.

MS. NAUGHTON: I think those are all the questions I have. As I said, my colleagues from the Senate couldn't make it today because the hearings started this morning. So, they may have additional questions for you which I hope we can do by telephone, through some sort of conference call or something, so you won't have to come back up.

THE WITNESS: You don't anticipate me going before any committee or anything?

MS. NAUGHTON: I can't answer that, because that is a joint decision not made by me, but I don't anticipate it. I don't think I will recommend it, but we did want to get your entire statement on the record, so if there is anything else you want to make clear for the record, everyth will go into the committee report and records of the committ into our final report.

THE WITNESS: Nothing.

Could I ask a question?

MS. NAUGHTON: Sure. On or off?

THE WITNESS: I would rather it be off.

UNCLASSIFIED

BEST AVAILABLE COPY

MS. NAUGHTON: This concludes the deposition of Mr. Currier.

(Whereupon, at 11:30 p.m., the deposition was concluded.)

scn/drg
#1

TOP SECRET

UNCLASSIFIED

EXECUTIVE SESSION DCM, Country 15

DEPOSITION OF [redacted]

Wednesday, May 27, 1987

House of Representatives,
Select Committee to Investigate
Covert Arms Transactions with
Iran,
Washington, D.C.

1161

The committees met, pursuant to call, at 9:00 a.m., in Room B-352, Rayburn House Office Building, Neil Eggleston (Deputy Chief Counsel of House Select Committee) presiding.

Present: W. Neil Eggleston, Deputy Chief Counsel; Tim Traylor, Investigator, House Select Committee; Robert W. Genzman, Associate Minority Counsel, House Select Committee; Terry Smiljanich, Associate Counsel, Senate Select Committee; Timothy Woodcock, Associate Counsel, Senate Select Committee; and George Taft, Counsel, Department of State.

Partially Declassified/Released on 22 June 1987
under provisions of E.O. 12356

UNCLASSIFIED

TOP SECRET

~~TOP SECRET~~

UNCLASSIFIED

Whereupon,

[redacted]

was called as a witness by the Select Committees and, having been first duly sworn, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR THE HOUSE SELECT COMMITTEE

BY MR. EGGLESTON:

Q [redacted] for the record, my name is Neil Eggleston, Deputy Chief Counsel for the House Select Committee to Investigate Covert Arms Transactions with Iran. Also present are two representatives of the Senate Select Committee. Both committees were established pursuant to resolutions and have various enacting rules. The State Department was provided with copies of both the resolutions and rules. If you want copies for any reason, we can certainly provide them to you.

The mandate of both the House and Senate Committees, which are now conducting joint hearings, is to investigate the circumstances surrounding primarily the Iran affair, but also the United States Government's involvement with the contras. This is being conducted pursuant to those rules.

Let me just ask you at the outset to tell us a little bit about your background in a very brief fashion. If you could just tell me a little bit about your schooling

UNCLASSIFIED

~~TOP SECRET~~

and positions.

A [redacted]

Q [redacted]

A

Q

A

Q

A

Q

A

Q

A

Q

A

Q

A

Q

A He was the ambassador, yes. During some of these days we'll talk about, he was out of the country, and I was in charge.

Q You are the Deputy Chief of Mission?

A That is correct.

Q Pardon me, I have not done too much work in the State Department. Others have done a lot. Is there a Chief of Mission?

A The ambassador is called Chief of Mission.

Q You are the ranking person in his absence?

A That is right. The way the embassy is structured, the American Embassy, it is a little different. The Deputy Chief of Mission doesn't have a line responsibility. He, like the ambassador, has general responsibility for all of the functions of the mission. Therefore, he is prepared in the ambassador's absence to take over.

Q [redacted]

A

Q

A

Q

A [redacted]

Q

A

Q Let me ask you then -- now that I have established some background, let me ask you, as I indicated a moment ago off the record, the principal area I wanted to ask you questions about is the time period primarily, say, November 20 through the end of your own involvement in this particular operation. Could you just, without questions or promptings from me, relay the best you can recall what your involvement was when you arrived into the operation of the various functions that you performed.

A Yes. There was, I suppose, one event prior to my actual involveement that's worthy of note. On the 21 of November, the political consular, who was the Acting Deputy Chief of Mission since I was in charge at the time, was called over to the Foreign Ministry and was told that there was an American who claimed to be a retired General seeking [redacted] concurrence for transfer of arms to Iran, and the [redacted] was confused by this and wanted to know what our policy was since we had on many occasions told them our policy was to discourage such shipments.

The Acting DCM confirmed to the government that our policy was to discourage shipment of arms to Iran. We reported that in a telegram, which I believe you have access to.

Q That occurred on November 21?

A Yes. And I think we sent the report out the 22.

CIA CHIEF

Now, on about noon on the 22, the [redacted] [redacted] came to me, and he said that he was involved in a very difficult situation, it wasn't exactly how he described it, and he needed my help and guidance, and he said that he received instructions, I believe, the night before or early in the morning to come in [redacted] open up his communications and act upon whatever communications were received. The first telegram that he received instructed him not to inform the ambassador.

He came in, he was told to get in touch with someone acting under a pseudonym at a local hotel or at a telephone number which he assumed was a hotel, and to help him. The pseudonym was R. Copp.

He called him and -- this is as related to me, and probably not in the precision that it was related, because it's been a year and a half -- but essentially he was asked to assist with [redacted] in gaining authorization for the arrival of aircraft bearing arms for Iran, which would be transshipped in [redacted] to Iran. [redacted] [redacted] was not cooperating because they really didn't know what was going on, they were confused. At least that was the sense of it.

CIA Chief [redacted] said that [redacted] the Foreign Minister, Prime Minister or someone who worked in those offices to be helpful in this process. [redacted] He didn't know how to go about it and didn't feel he would be successful in any event.

He said he had told Headquarters that he would need the help of the Chargé to get these things done; if they wanted it done, they should engage the Chargé. I said to him at that point that -- well, we both agreed it was an astounding operation. But, beyond that, I said that I would be prepared to cooperate, but first he needed authorization to tell me what he had told me, and, second, I needed to know that the Secretary of State knew about and approved the operation.

Late that afternoon, I think about 5:00 o'clock or so, he received -- all of this was in CIA channels -- he received a telegram which was purportedly from John Poindexter which asked that I be shown the communication and be asked to pull out all the stops to get approval for the transit, and he said the Secretary knew and approved of the operation and

UNCLASSIFIED TOP SECRET

asked that State Department communications channels not be used because only the Secretary and Assistant Secretary Oakley were aware of the operation, given its obvious sensitivity.

Based on that, I got in touch with [redacted] [redacted] and said I needed to talk to the Foreign Minister. He told me the Foreign Minister was in a Cabinet meeting and was inaccessible unless I could tell him that my request was coming from the highest levels of the United States Government. I said I could, based on the assumption this was, in fact, from John Poindexter, who was National Security Adviser to the President at the time.

He then explained to me why they had been negative to this point. He went back over the contact that they had received from a so-called retired American General and why they had summoned our political consul, Acting DCM, to ask him about our policy; and based on our reiteration of our policy that we were trying to stop shipment of arms to Iran, they had decided not to cooperate. This is just by means of explanation.

Q Is this now your first contact?

A This is my first contact with [redacted] [redacted], the evening of the 22.

Q [redacted]

TOP SECRET UNCLASSIFIED

[redacted]

A [redacted]

Q Okay.

A I did not talk to the Foreign Minister that evening. My interest in getting the cooperation of [redacted] was passed on to him, but I did not actually talk to him.

Late that evening, it was about 11:00 o'clock or so at night, I received a call from CIA CHIEF [redacted] He had received a telegram indicating that Robert McFarlane, who was then in Rome I was told, I am not sure, but he was in Europe in any event, had talked to the Foreign Minister on the telephone and that the Foreign Minister had agreed to facilitate the transshipment.

I was asked to get in touch with the Foreign Minister's staff and confirm that. I was unable to do so at that time.

At 7:00 o'clock the next morning, the 23, I was called again by CIA CHIEF [redacted] Whoever was sending him the telegrams back here was anxious that we get that confirmation as soon as possible because they wanted to go ahead with the operation. They asked I move as quickly as possible to get

UNCLASSIFIED

the confirmation.

Finally, mid-morning I was able to talk to [redacted] the Foreign Ministry, who said he was aware of a conversation but not aware of any commitment to facilitate the shipment without a diplomatic note requesting it and explaining the reasons for it.

I subsequently talked to the [redacted] Foreign Minister who said the same thing, he said the note needed to contain where the aircraft were coming from, where they were going, the reasons for the operation and the cargo. I communicated all of this, or [redacted] did, back to Washington. We were authorized to deliver a note, which, as I recall, and I am sure you have the text of it, it was rather skimpy, it did not give details about cargo or reasons. I can't remember, but it was by [redacted] it didn't meet [redacted] request.

I took that over and delivered it to [redacted] the Foreign Ministry, [redacted] Anyway, he received the note, complained to me about the way we had handled it, the whole operation, and noted at the time the note didn't look like it met their needs.

That afternoon we went back and forth several times between the Foreign Ministry and myself, between [redacted] and Washington, about how we might embellish upon

UNCLASSIFIED

~~TOP SECRET~~ UNCLASSIFIED

the note to make it acceptable [redacted]. The [redacted] meanwhile were meeting rather regularly, the Foreign Minister meeting with the Prime Minister to decide whether or not they would cooperate.

[redacted]

By late afternoon, I had a good sense of what kind of note would meet [redacted] needs, it had to have some information about cargo, but it didn't have to be specific. It had to make some reference to humanitarian purposes, and it had to have the origin and ultimate destination of the cargo.

At this point, the second effort to put this operation together was running up against a deadline, as I understand it. That is, planes were in the area and on route [redacted] [redacted], and had a turn-around time that was getting fairly short.

Sometime in the afternoon of Saturday, they turned around, and I guess whoever was running the operation back here decided they would do it some other way, because I received instructions to deliver a rather short and curt note that essentially said "thanks for not helping this humanitarian operation."

UNCLASSIFIED

~~TOP SECRET~~

I had a meeting with the Foreign Minister scheduled for that evening, Saturday evening, about 7:00 o'clock, 7:30. [redacted] meanwhile had been hard at work, and they were at this point, as I understand it, prepared to agree if we provided the information that they requested.

I went to the meeting [redacted]

Q That is the reason I asked you the question earlier.

A [redacted] We were not under the best conditions to meet [redacted] I must say. Anyway, we met, there were about five of us in the room. He had two staff members with him. I showed him the note, and they were very upset because it was in a sense impolite.

Also, we had turned them inside out for about 24 hours, and now we were simply saying "thanks, but no thanks", we don't -- we are not proceeding down this track.

That's essentially it. I am sure there are gaps. Maybe you can ask questions.

Q I will. There are actually not that many gaps.

Let me start by asking you if you could just go over the telegram that you sent or that was sent on the 21. This has been previously marked ERC-1. Maybe, so the record is clear, we should have it marked -- what are your full initials?

A [redacted]

Q [redacted]-1.

(The following document was marked as [redacted] Exhibit No. 1 for Identification.)

COMMITTEE INSERT

BY MR. EGGLESTON:

Q Let me show you [redacted]-1 and ask you, as best you can recall, if you can elaborate on this, the early conversation of the 21 about the contact between the Acting Deputy Chief of Mission with regard to this contact bv the retired General.

A Yes. As I said earlier, [redacted] who was Political Consular, was called over by the Deputy Political Director and told that an official from [redacted] dealing -- well, an arms dealer I guess [redacted], who, as I understand, by the way, is related to one of the officials in the Foreign Ministry, and that's why that contact was made. He was a brother-in-law. That's why the contact was made in that fashion -- had said that he was working in cooperation with a retired American General or a person who claimed to be a retired American General and that they wanted to arrange for the shipment of some arms to Iran.

The Foreign Ministry, knowing of our general policy in this regard, was confused and they had asked [redacted] to come over and reiterate our policy essentially, which he did. We reported back the following day.

Q I take it, as of this time, the Acting Deputy [illegible] Chief [redacted] did not know the name of the supposed retired American General?

A No.

Q Was there any indication whether the retired General had indicated this was a United States Government operation?

A My impression is yes, but I don't recall precisely.

Q Is this [redacted]-1 a telegram that you sent back to the State Department here in Washington? Is this your cable essentially?

A Yes. It was actually written by [redacted] I saw it before it went out and approved it.

Q Let me just take a look at it and make sure there is nothing in it I wanted to ask you about.

You may or may not know, based upon whether you read the Tower Commission or all sorts of things, there came a time when General Secord receives a letter signed by Colonel North with a signature indication of Mr. McFarlane indicating that Mr. Secord's services are needed with regard to a particular operation. Did you ever see that letter during the course of this time period?

A No, I didn't.

Q So he never showed it to you or to your knowledge did not show it to [redacted]?

A To my knowledge, he did not. He certainly didn't show it to me, because I have never met General Secord.

Q From your conversations with CIA CHIEF [redacted], do you know whether he ever showed it to him?

A I do not know. I don't think he did.

Q This cable suggests that the Acting Deputy Chief of

Mission responded immediately and forthrightly that this was not a United States Government operation; at least as far as he knew, it was not. I take it, I don't see why there would be, there was no effort by anyone in your office to check with the State Department to see whether or not it was an official United States Government operation.

A No. Our policy was longstanding and fairly clear, quite clear, so there was no attempt to check.

Q And prior to the time that this contact takes place, as far as you know, General Secord, or Mr. Copp, had not contacted anyone at the embassy for help or authorization before contacting officials of the [redacted]?

A I am certain he had not.

Q As of the 21, I take it, you probably think that this is a dead American mission.

A Exactly.

Q You indicate around noon or so, you speak to the [redacted], and he says he needs help in a difficult situation. Did he describe at that time what he had been asked to do by Headquarters?

A Yes. He brought me up to date on everything at that point.

Q Just as best you recall, what is it he told you as of noon on the 22nd?

A He had been asked to get in touch with this individual, and he had done so on the phone, and the person, R. Copp, had told him the United States Government was seeking to assist in the transit of some arms from Israel to Iran through [redacted] and he had been asked to get [redacted] approval for this.

Q So it was your notion what he needed was approval for the airplanes to land [redacted], reload, or whatever?

A Exactly. Airplanes to come in with the cargo, reload into other airplanes and take off.

Q As of this time, when you have this conversation with him on the 22nd, did you connect this event with what you had learned the previous day?

A I began to, yes.

Q I take it, as of this time, you don't know whether R. Copp is a retired American General.

A Not until later when CIA CHIEF [redacted] actually met with him and talked with him, and he told him who he was.

Q [redacted]

A [redacted]

Q [redacted]

A [redacted]

[redacted]

Q You had indicated that in the afternoon of the 22nd you began to be somewhat concerned before taking steps along these lines, you get authority from your own agency and not merely instructions from the CIA.

A Yes. I told CIA CHIEF [redacted] that I would be glad to help, but only if first of all he had authorization to tell me that I had -- that I was actually requested to do so and that I knew the Secretary of State knew and approved it.

Q I take it, though, at no time -- you followed the instructions not to use the State Department communications system.

A I did.

Q And your communications then are through the CIA channels.

A Total. Under today's ground rules, I would not, but at the time it seemed like a reasonable thing to do.

Q I assume a lot of things may have changed after this both here and in Central America.

Did you involve anybody else in your office, on the embassy staff, in this?

A No.

Q Did you have any conversation with -- you gave us his name, and I forgot it.

A [redacted]

Q About this after the 21st?

A No. I told him --

Q Nothing?

A I told him he didn't want to know. He knew. He knew there were strange things going on, because I was going to a dinner party at his house Saturday night and was about two hours late for it. Since I was at the Foreign Ministry, he knew where I was.

Q So he did not help you?

A No.

CIA CHIEF

Q Or speak to [redacted] about it?

A No.

Q You indicated that you never spoke to or never met Mr. Copp?

A No.

CIA CHIEF

Q You indicated on the 22nd, around 11:00 a.m., you received a call from [redacted] indicating he received a cable telling him McFarlane had actually spoken to the Foreign Minister, and you said you then took steps in order to confirm. Those steps took place the evening of the 22nd, which were unsuccessful.

Then you had conversations with people on the 23rd. I was a little confused as you went through whether you were ever actually able to confirm that phone call and the agreement that seemed to be reflected to you in the cable.

~~TOP SECRET~~
UNCLASSIFIED

A In my conversations the next morning, yes, there was a confirmation the phone call had occured. The Foreign Minister that Saturday evening told me he had talked to Mr. McFarlane. The difference between the telegram we received on the evening of the 22 and what [redacted] told me on the 23 was the perception of the agreement of the telephone call. Mr. McFarlane believed that he had agreement from the Foreign Ministry to permit the transit, and [redacted] said that they had agreed to consider it promptly and positively, or whatever. They had some -- once they had the necessary background information.

Q And one of the things they asked you for was a formal diplomatic note that requested their assistance?

A Exactly.

Q You indicated one of the things they wanted was an indication of what the cargo was going to be.

A That is right.

Q Did you have conversations with them that the note would reflect the cargo was going to be weapons?

A They knew by the time I was involved that the cargo consisted of weapons, but I don't believe they knew what kind of weapons.

Q Did they know that from the conversation they had on the 21st or from conversations with [redacted] or from conversations with you?

UNCLASSIFIED
~~TOP SECRET~~

A They knew that from either [redacted] or from the retired American General.

Q But in your conversations with the people in [redacted], it was always clear the cargo that was going to be on these planes was going to be weapons?

A Yes.

Q Was there any discussion about how you would phrase that in the note, how much specificity they wanted in the note?

A They wanted -- yes, there was. They wanted types and amounts. We didn't provide that in a formal fashion ever.

Q Did they want exactly what kinds of missiles?

A I can't recall that we got into that kind of detail.

Q But they wanted --

A They wanted those things, yes.

Q They wanted formal acknowledgement they were being asked to help in a weapons shipment.

A Exactly.

Q I take it, that is one of the things that concerned them, they wanted a formal request from us to them they help in this somewhat unusual initiative sending weapons to Iran. Is that fair?

A Yes.

Q There comes a time on the 23rd -- well, let me ask it this way. Does there come a time, as far as you know -- I think you indicated there came a time when CIA CHIEF [redacted] met with Copp?

A Yes.

Q Was that on the 23rd, or do you recall?

A As I recall, it was the 23rd. I can't remember whether it was mid-morning or late afternoon. It was sometime on the 23rd.

Q Did he tell you about the meeting he had with --

A Yes, he did.

Q Can you tell me what you recall he related to you about the meeting?

A It was a brief meeting, only about, ~~as~~ I recall, 15 minutes, Copp identified himself as Richard Secord, retired American Air Force General, who was working for the National Security Council trying to put together this shipment of arms. And he simply urged him to be responsive. He also told him what arms were involved.

Q Do you recall today what the CIA Chief [redacted] told you Copp had said to the CIA Chief [redacted]?

A In precise terms, no, although I do know they were Hawk missiles. I was told that by CIA CHIEF [redacted].

Q I have identified some of the cables, I may or may not want to ask you about your recollection.

Is the concept of Zulu time something that is familiar to you?

A Yes.

Q Is Zulu time and actual time in [redacted] the same?

A [redacted]

Q [redacted]

A [redacted]

Q I thought that was true. These time changes are probably a common event for you, but less so for me.

Who was Ambassador Oakley as of November?

A The Assistant Ambassador for combatting terrorism. I think that was the title.

Q Had you ever met Ambassador Oakley?

A No, I never met him, but I knew his role.

Q Bear with me a second. As a result of your memory, there are few I will need to ask you about.

Did you have throughout this time period a sense of how many flights were going to be coming into and out of [redacted]

A Yes. I thought I did. I thought there were two aircraft coming in and two going out. It might have been two consolidated into one going out, but various airlines were mentioned at various times.

Q Did you have any sense of how many missiles they were talking about?

A No, I did not. I don't recall that I did.

Q Do you recall any discussion about a bribe attempt?

[redacted]

A

Q

A Oh, yes, I remember. My perception at the time was although bribery is not out of the question in these kinds of things, this particular [redacted] official might have over-reacted. He seemed very nervous about the whole thing. He might have over-reacted because he received a bribe attempt, I don't know.

Q It didn't appear to you the bribe attempt had come from the United States Government, but from [redacted].

A [redacted] he is half owner of [redacted].

Q Is he the one with the relative in --

A Yes.

Q [redacted] was

helping Secord, who is referred to here as Copp, in this transfer. Did you know that at the time?

A Yes.

Q Did you know [redacted]?

A I don't think I had ever met [redacted]. I have had a lot of -- a lot -- occasi-nal indirect contacts with [redacted] because it's someting that's in the newspapers or in the press from time to time. It is a well-known company.

Q Is it a private company?

A Yes.

Q It is not a government-owned company?

A It is not a state-owned company, no.

Q [redacted]

[redacted]

A Yes, I do recall. Apparently Secord, Copp, and probably [redacted], tried to intercept the Foreign Minister and Prime Minister at the VIP lounge of the airport, they were returning from some trip, the idea being they would try to persuade them to go ahead and agree with all this without going through normal channels.

It didn't work because they landed on the military side of the airport and didn't go through the VIP lounge. Meanwhile, hanging around this place, which has high security and is very visible, they had created -- suspicions is probably a gentle word, but suspicions, antagonism.

Q Do you have any recollection today of how much -- or approximately what day it was the Foreign Minister and the Prime Minister had returned from whatever trip and had gone through this airport?

A My guess is that that was either the 20th or 21st, but I don't know.

Q [redacted]

A

Q I take it there comes a -- you sort of basically have taken us through the 23rd.

A That is right. I have got a note here to take you to the 25th. On Monday, the 25th, I was called in by [redacted] and given two diplomatic notes.

I am sure you have those notes.

But essentially one explained their understanding of the terms under which they would have agreed, and the other one complained about the way we went about the whole operation.

Q I have a cable here that may help you refresh your recollection. Did you receive instructions to keep the possibility of using [redacted] alive and possible as a place in which this operation could be undertaken?

A I don't recall that I did.

Q This may or may not refresh your recollection, but it is CIIN 2211-A, it is a cable to [redacted] from -- and again this is a CIA cable -- from Headquarters to [redacted] dated November 27, Zulu time of [redacted], and just ask you -- this actually makes reference to other things that go previously. If you need it, that would be fine.

A Yes, I do recall this cable. I was shown it at the time. The reason for it, the background is I was fairly confident if we handled it correctly, we could get [redacted] cooperation for a sensitive operation if it was in our national interest to do so.

But these instructions suggest I not raise it with the Prime Minister, but if he raised it, that I sort of keep it open. I didn't talk to the Prime Minister about this case. In talking to the Foreign Minister, I think I left the case pretty well a closed case.

Q I take it no one ever came back to you again for help in moving shipments of arms through [redacted] in order to get them through Tehran?

A No. To the best of my knowledge, General Secord had left [redacted] and moved on to greener pastures. I gather I was wrong.

Q Have you ever discussed the events surrounding November 21 to the 27th or so of '85 with the Secretary of State?

A I have not.

Q Have you discussed them -- I guess you have not discussed them with Ambassador Oaklay either?

A I have not.

Q Do you know Dewey Clarridge?

A I met him about 1980 or '81 when he was [redacted] [redacted]

Q You did not have any contact with him except through these cables?

A That is correct.

Q Do you know Colonel North?

A I never met him.

Q Do you know Admiral Poindexter?

A I have met him in meetings when he was with the National Security Council. I can't say I know him. I am sure he doesn't know me.

Q You have never discussed these events with them?

A No.

Q Admiral Poindexter or similarly Mr. McFarlane?

A No.

Q Have you discussed the events of this week in November, '85 with anyone else at the State Department? It is kind of an open-ended question.

A Yes. The answer is yes, I have. I have discussed it with, not in this detail, but with the Assistant Secretary of State for [redacted]

Q Was that a contemporaneous conversation?

A No, it was not.

Q Do you recall when it was?

A Last summer. Nearly a year later.

Q But before all these events became public in November, 1986?

A No, on the contrary. I do not believe I ever discussed it -- I am trying to think back. I assumed I had discussed this with [redacted] but I probably had not. I did not open the subject up to any conversation with anybody in the State Department. It was not public knowledge then, I simply didn't do it.

Q You were following instructions to only discuss it with Oakley or --

A Exactly. The only other person I did discuss it with was [redacted]. When he returned, I told him what had occurred, and besides saying, "Thank God, I wasn't here," he really didn't have anything to add. I feel fairly confident he didn't discuss it with anybody at the State Department.

Q [redacted]

A

Q

A

Q

A

MR. EGGLESTON: I don't have any other questions.

BY MR. SMILJANICH:

Q Did CIA CHIEF [redacted] ever put a name behind who at Headquarters was giving instructions?

A Ever is a long time. He did afterwards. I am trying to remember whether he did at the time. He explained the type of channel he was receiving the instructions on, which was a privacy channel, and it came from the operations side, but I don't know that he mentioned Clarridge's name.

Q What about after the fact?

A After the fact, yes.

Q Anyone else?

A No. I mean, I know that Clarridge, Deputy Director of Operations, theoretically might have been involved, although I also gather he may have been out of town at the time.

Q There are independent communication channels that are available to you that run directly to the Secretary of State, is that correct, as Charge?

A I could use State Department channels and have a highly restricted distribution on this end, but none that I would feel confident using under the circumstances at the time.

Q So there is, in fact, no way in which you could have directly communicated only with the Secretary of State and no one else?

A Not at the time. I have a telephone now. But at that time, we didn't have.

BY MR. WOODCOCK:

Q [redacted] I am Tim Woodcock with the Senate Committee. I am going to have to jump around a little bit, as I was following these notes. The information that you first received from [redacted] I take it [redacted] [redacted] received it first --

A That is correct.

Q That referred to a manager of the firm [redacted]?

A I believe that was [redacted].

Q So that from your understanding [redacted] was involved early on, as well as the person waiting in the VIP lounge?

A That is my understanding. I was not in the VIP lounge, so it is second-hand information.

Q [redacted]

A [redacted]

Q [redacted]

A [redacted]

Q In his pre-hearing remarks, General Secord said that he personally had some reservations about the use of [redacted] because he said [redacted] was "not smooth". Do you know enough about [redacted] to know why he would be considered not smooth?

A I have an impression that [redacted] is heavy-handed, but that is an impression, not based on my knowledge. To my knowledge, I haven't met the man.

Q When you say heavy-handed, what do you mean by that?

A Too direct, rather blunt, given to bluster.

Q Do you have knowledge at all of [redacted]?

A I have met [redacted].

Q He is also a partner in [redacted], is that correct?

A That is correct. I think he and [redacted] own equal shares, perhaps. I am not sure. But he is partners with him.

Q Do you know of any involvement -- I am speaking broadly here -- of Thomas Clines in [redacted]?

A I do not.

Q Do you know Thomas Clines?

A No.

Q Do you recall at what point you learned that Copp was, in fact, Richard Secord?

A When CIA CHIEF [redacted] returned from the meeting with him, which was sometime during the day of the 23rd.

Q Did the name Secord mean anything to you?

A No, it didn't.

Q When Ambassador [redacted] returned, you testified you briefed him on the matter. Is it also true CIA CHIEF [redacted] participated in that briefing?

A I am certain he did at ont point. Whether -- I can't recall whether I briefed the ambassador independently first or we did it altogether. I am not sure. The normal, of course, event would have been that I would have given him a very brief summary of what happened and asked CIA CHIEF [redacted] to go through it all. But I can't recall that's the way it happened. It's a question of trust involved here.

I have very high regard for CIA CHIEF [redacted] as an honest person, as a person of integrity, and I think that's probably reciprocated. I wouldn't want you to read into what I have said anything that suggests I have cut him out or he is trying to cut me out of any conversation with the ambassador. That was not the case.

Q Thanks.

Did CIA CHIEF [redacted] advise you that he was in regular communication with Headquarters?

A Yes.

Q Did he advise you that he had relayed to Headquarters the information that General Secord had told him about the nature of the airplane mission?

A Yes.

Q Did he advise you of that on November 23 or long after the fact?

A On November 23, [redacted] and although I did not see all of those, I did see some of them. He told me what was in them. Normally

I saw them, and he provided a running account of what was going on [redacted] to Headquarters.

Q Your understanding --

A Within that running account was the conversation with Secord and the indication the aircraft would be carrying Hawk missiles, yes.

Q You are referring to a running account, and I gather that is the account C.I.A. CHIEF [redacted] has given you. Is that correct?

A No, I mean that he was giving Langley.

Q I want to divide this into two parts. There are actual communications going to Langley from C.I.A. CHIEF [redacted], is that correct?

A Yes.

Q When you refer to a running account, that is what you are referring to?

A Exactly.

Q With respect to the communication which C.I.A. CHIEF [redacted] made to Langley recounting the substance of the Secord conversation, did he simply tell you about it, or did you actually see it?

A I don't know.

Q You don't recall?

A No.

Q I gather some of the messages he sent out you actually saw, and others he told you about, is that correct?

A That is correct.

Q But I gather --

A [redacted] I can't recall I saw that.

Q That specific one?

A That is correct.

Q Your memory is clear, I gather, on the point he did tell you contemporaneously with sending the message he had communicated with Headquarters on the substance of the Secord conversation.

A That's what I recall.

Q I gather -- you have already testified to this, just to make it clear -- that conversation recounted the nature of the cargo being Hawk missiles to the destination point being Iran and the purpose being for the release of the hostages, is that correct?

A That is correct.

Q Do you recall whether Ambassador [redacted] communicated any dismay to CIA after the fact about the manner in which this whole operation had been handled?

A My impression is that he did not. He intended to, he said he was going to. My impression is that he did not.

Q Now, was that at your suggestion, or was that his idea?

A Well, he was appalled by it, let's put it that way,

~~TOP SECRET~~ UNCLASSIFIED

so I can't recall whether it was my suggestion or his idea, but it could have been either.

Q You were in accord with it, is that correct?

A Yes.

Q Would that have gone -- if that communication had been sent out, would that have gone to the Director of Central Intelligence, Mr. Clarridge, or some other person?

A It would have gone to the Director of Central Intelligence, because Ambassador [redacted] and the Director were personal friends, as you probably know. Can I go off the record for a second?

MR. EGGLESTON: Sure.

(Discussion off the record.)

BY MR. WOODCOCK:

Q Have you heard now, subsequently, through all these events, whether Thomas Clines was even present in [redacted] during these operations?

A I have read thathe was. But I don't know by my own knowledge. I have not talked to anybody in [redacted] that says he was there. I never asked [redacted] whether he was there, who was one of those two partners I have met.

Q Have you ever sought to confirm through your contacts in [redacted] whether it was, in fact, General Secord who went to the VIP lounge?

A No, I have not.

UNCLASSIFIED ~~TOP SECRET~~

Q Has anyone in [redacted] confirmed to you that this attempted bribe, or whatever the attempted influence was, was sought to be effected in the name of Robert McFarlane?

A No, I have heard nothing along those lines. I am only vaguely aware of this concern about a possible bribe, and certainly not in terms of utilizing Robert McFarlane's name.

Q Did this incident which occurred [redacted] have any lasting effect on relations between the United States and [redacted]?

A That's a difficult assessment to make. It's possible that it created some suspicion within the government about how we deal with other governments. It also might have had a concern this particular government had [redacted] so it may have complicated the relationship somewhat, but I can't be sure. [redacted]

And I might add, if I can, for the record, that that really accounts for why I did not seek further information about who was really at the VIP lounge. As far as I was concerned the event was over with, and we were better off going ahead trying to build the relationship rather than spend too much time worrying about what had happened.

Q I may have asked this question already, but let me ask again. Following this incident, did you come across, through your sources in [redacted], any association of either General Secord or Thomas Clines with [redacted] in subsequent dealings?

A No, I was not aware of General Secord or Tom Clines, Thomas Clines, being in [redacted] after that, until I read about it in the press a few months ago.

Q Now, the same question only with respect to association or involvement with [redacted] before the events of November 22, 23 and 24, 1985.

A I am not sure what the question is.

Q The question being, did you come across information in your contacts in [redacted] of association of General Secord or Thomas Clines with [redacted] at any period before November 22, 23, or 24?

A No. At least none that I can recall, because I wouldn't have recognized those names at the time, in any event.

Q I am speaking -- this is after the fact, even up to the present. Have you, through your [redacted] contacts, received confirmation of the involvement of these people with [redacted]?

A I haven't.

Q Let me ask you the same tandem of questions with respect to Albert Hakim. Is that a name you are familiar with through your contacts in [redacted]?

A No.

MR. WOODCOCK: I think that is all I have. Thank you, sir.

BY MR. GENZMAN:

Q Regarding the curt note delivered to [redacted] [redacted], was that at the instructions of Admiral Poindexter?

A It was my assumption it was at the instructions of Admiral Poindexter. It came through the CIA channel, and it was purportedly under his instructions, yes.

Q And was the wording of that note also from Admiral Poindexter according to your information?

A Yes, it was.

Q Was there any Department of State approval or Secretary of State approval --

A No, there was not.

Q -- of the note?

A Not that I knew of. Once again, going back to the basic operating thesis, that is I was operating on the basis of my understanding given to me through CIA communications that the Secretary knew and approved; therefore, that was just an extension of that.

I might, if I can, sort of expand here. You asked or Mr. Eggleston asked if I had ever discussed this with the Secretary of State or with Assistant Secretary Oakley after that event. First of all, I don't really have many occasions to meet with either one of them, and I have only been back to the United States once since then, and that was last summer, or twice last summer, I am sorry, briefly. To that point, this had not become public knowledge, so I didn't discuss it with anybody else.

My assumption still at that time was that they knew and approved. I had no reason to believe otherwise, and, therefore, I didn't seek an opportunity to raise it.

MR. GENZMAN: I have nothing further. Thank you.

MR. SMILJANICH: One last question.

BY MR. SMILJANICH:

Q Physically, when you received the wording of the diplomatic note via VIP channels, did you take that or re-do it?

A It is done on a standard diplomatic note format. It was done by a secretary [redacted]

Q Did you retain a copy of that?

A Yes, I have a copy.

Q Back in [redacted]?

A Yes. I believe you have it. Do you not have the context of it?

Q I don't know we have anything other than the CIA cable itself.

MR. EGGLESTON: I don't know I have seen it in the formal fashion.

BY MR. SMILJANICH:

Q Was a copy of that ever sent to any office here at the Department of State?

A No.

MR. EGGLESTON: I don't have anything further.

MR. WOODCOCK: Let me ask a couple questions.

BY MR. WOODCOCK:

Q When you received this terse note, would it be fair to say you were concerned about the quality and tone of the note?

A Yes. We appealed actually.

Q How was that done?

A As I recall, it was done in C/A [redacted] communications. It is possible, however, and I don't know, it is possible that -- because sometimes communications came via Secord. He had his little radio. So some of the appeal might have gone through those channels, or C/A CHIEF [redacted] might have talked to Secord and said, "Look, we can probably get this done if you do it this way" and -- but I don't really recall. We did appeal, I appealed personally the tone of the note and substance of the note. I thought we were throwing away an opportunity to get it done if they really wanted it done.

Q You testified that you were instructed not to communicate through State Department channels at the outset, is that correct?

A That is correct.

Q So your personal appeal was directed, to the best of your recollection, either through CIA channels or through Secord's communication device, is that correct?

A That is correct.

Q Who would that have been directed to, CIA Headquarters?

A Yes, CIA Headquarters. Whoever was -- actually, it was to the NSC as far as we were concerned. The instructions that came out [redacted] were this is a NSC operation, or the NSC asks that you or instructs that you do the following, as I recall the opening telegram. So all of this was we were working for Admiral Poindexter as far as we were concerned.

Q So under those circumstances, I gather, it would have been inappropriate for you to have appealed to the Secretary of State, is that correct?

A Yes. My assumption at that point would have been the Secretary of State, although aware of the operation, was not aware of the details at this point. Time was running out. It wouldn't have been a reasonable thing to try to do.

Q Now, let me just ask a couple more questions. You testified you never met Secord, is that correct?

A That is correct.

Q So, therefore, your knowledge of this communications device he had is coming from CIA chief [redacted], is that correct?

A That is right.

Q I gather, then, you were relying upon his representation this was a Secord communications device, is that correct?

A That is correct. The only reason that -- I mean, we became aware, CIA CHIEF [redacted] and I became aware almost inadvertently Secord had his own communications device because he was able to get things out of Washington we subsequently got through CIA channels. He would be on the telephone saying such and such is happening.

Q I take it there were points in this operation where Secord was, as they say in the CIA, waiting in advance of you and CIA CHIEF [redacted], is that correct?

A I think that was the case most of the time. In retrospect.

MR. WOODCOCK: I think that is all I have. Thank you, sir.

MR. EGGLESTON: Thank you.

(Whereupon, at 10:32 a.m., the committees were adjourned subject to the call of the chair.)

otson/drg
end

UNCLASSIFIED ~~TOP SECRET~~ HSITS - 169 /87

DEA Agent 1

DEPOSITION OF [redacted]

Wednesday, August 12, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition
Washington, D. C.

Deposition of [redacted] called as a witness by counsel for the Select Committee, in the offices of the Senate Select Committee, room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 6:04 p.m., the witness having been duly sworn by MICHAL ANN SCHAFER, a Notary Public in and for the District of Columbia, and the testimony being taken down by Stenomask by MICHAL ANN SCHAFER and transcribed under her direction.

4255

Partially Declassified/Released on 16 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

COPY NO. 1 OF 2 COPIES

UNCLASSIFIED ~~TOP SECRET~~

COPY NO. 1A OF 2 COPIES

APPEARANCES:

On behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition:

TIMOTHY WOODCOCK, ESQ.
HANK FLYNN

On behalf of the House Select Committee to Investigate Covert Arms Transactions with Iran:

PAMELA NAUGHTON, ESQ.
ROBERT GENZMAN, ESQ.
ROBERT BERMINGHAM

On behalf of the Witness:

DAVID P. SCHIPPERS, ESQ.
David P. Schippers & Associates, Chartered
79 West Monroe Street
Chicago, Illinois 60603

UNCLASSIFIED

CONTENTS

WITNESS	EXAMINATION ON BEHALF OF SENATE	HOUSE
[redacted]		
By Ms. Naughton		5
By Mr. Woodcock	30	
By Mr. Genzman		54
By Ms. Naughton		55
By Mr. Genzman		56
By Ms. Naughton		57
By Mr. Woodcock	62	
By Ms. Naughton		63
By Mr. Woodcock	64	
By Ms. Naughton		64
By Mr. Woodcock	67	
By Ms. Naughton		67
By Mr. Woodcock	76	
By Ms. Naughton		77
By Mr. Genzman		91
By Ms. Naughton		92
By Mr. Genzman		104
By Ms. Naughton		105
By Mr. Woodcock	114	
By Ms. Naughton		115

UNCLASSIFIED

UNCLASSIFIED

TOP SECRET

EXHIBITS

[redacted] EXHIBIT NUMBER	FOR IDENTIFICATION
1	27

UNCLASSIFIED

TOP SECRET

PROCEEDINGS

Whereupon,

[redacted]

called as a witness by counsel on behalf of the Senate Select Committee and having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION

BY MS. NAUGHTON:

Q Could you state your name for the record, please?

A [redacted]

Q for the record, my name is Pamela Naughton. I'm staff counsel with the House Select Committee to Investigate Covert Arms Transactions with Iran.

If your counsel would please introduce himself for the record.

MR. SCHIPPERS: My name is David P. Schippers, and I am counsel for [redacted] from Chicago, Illinois.

BY MS. NAUGHTON: (Resuming)

Q Mr. Genzman has joined us from the House Committee, as well as Mr. Bermingham, and then from the Senate Mr. Woodcock and Mr. Flynn. We will all be jumping in with questions during the deposition, but feel free at any time to consult with your attorney or to ask for a break or to ask for clarification of any questions that aren't clear to you.

Let's get started with just a few background questions. When did you join the Drug Enforcement Administration?

[redacted]

A When I arrived in country I was assigned to [redacted]

UNCLASSIFIED

[redacted]

Q Now, do you know a man named Ed Hickey?

A Yes.

Q Could you tell us who Ed Hickey is?

A Now he's the Chairman of the Federal Maritime Commission.

Q And during the period of January 1985 what was his position?

A He was Assistant to the President of the United States. I forget his exact title. It was something like Military and something else Affairs.

Q And did you know Mr. Hickey?

A Yes.

Q How did you know Mr. Hickey?

A He's been a friend of my family -- my brother, myself, my father -- for 20 years. [redacted]

UNCLASSIFIED

[redacted] He was with the State Department, regional security officer, I think.

Q Now, how did the subject of the hostages held in Lebanon first come up between yourself and Mr. Hickey?

A In the latter part of January 1985 he called me at home over a weekend and said do I know if DEA has any sources of information in Lebanon, [redacted] I said I didn't know [redacted] I don't have anything really to do with it, ~~but~~ I would check and find out.

Q Is this the first conversation you had with him regarding the hostages?

A Yes.

Q Did he say why he was calling?

A He didn't even say because of the hostages at this first telephone call. He said does DEA have any sources in Lebanon [redacted] because he was aware a lot of drugs were running out of there.

Q Did you get the impression he was calling at his own behest or that someone had asked him to check this out?

A I think it was at his own behest. He would call. I mean, I would talk to him just about every weekend, at least once, personally -- you know, friendship-wise.

Q Did you then try to find out whether or not DEA had any sources [redacted]

A Yes.

Q And what did you find out?

A I found out that we did.

Q Where did you go to find out?

A To [redacted] Agent #2

Q Why did you go to [redacted]

A Because I knew [redacted] for several years. I knew he had worked [redacted] I knew he had numerous sources of informants or sources of information. And I asked around and somebody told me that [redacted] probably would be the best guy to talk to, and he was running our [redacted] at that time. He was the [redacted]. If he didn't know, then he would know who knew.

Q And what did [redacted] tell you when you asked him about the sources?

A He said we have some sources. He says, I personally have some sources, but, you know, I'm not going to give them up just on a whim. Find out what they want, what these people want.

Q What was the next step?

A I called Hickey and made an appointment to see him the next day or a Monday or Tuesday. I think it was a weekend when he called me first, so I called him and made an appointment to see him.

Q And did you take [redacted] with you?

A Yes.

Q Now, when you met with Mr. Hickey, was this early January of '85, late January?

A Late January.

Q Was anyone else ~~at the meeting~~ other than the three of you?

A General Matthew Coffield. I think he was a Colonel then, full Colonel. He later became a general.

Q Do you know why he was there?

A He's Hickey's aide, his military aide.

Q But do you know why he was there?

A No. I assumed that he was everywhere Hickey went, because every time I saw Hickey I saw him, except at a party or something like that.

Q And did Hickey explain why he wanted to know if you had sources?

A At this meeting he did.

Q What did he tell you?

A He said -- well, it started out like you're aware that there are several Americans being held hostage in Lebanon [redacted] but we're not exactly sure where, that he was working on two committees, I believe, on what was called the HLTF, the Hostage Location Task Force, and then there was another one, the TWIG Committee -- the Terrorist Working Incident Group.

And there was one hostage they were very much interested in, and that was Buckley, and he told me that Buckley was then --

MR. SCHIPPERS: Can I interrupt for a second? At this point there was some conversation about Mr. Buckley that is extremely sensitive. Are you aware of what they were talking about?

MS. NAUGHTON: Yes.

MR. SCHIPPERS: Do you want him to go into the conversation?

MS. NAUGHTON: He should. The deposition is classified Top Secret.

MR. SCHIPPERS: Because apparently Mr. Hickey went into very great detail.

BY MS. NAUGHTON: (Resuming)

Q Please tell us what Hickey told you about Buckley.

A He said that Buckley was an old friend of his, [redacted] that CIA was not having any success in locating any of these people over there and that they were trying everything.

They want to try every way possible to confirm the guy's existence, to find out whether he's being tortured, to find out where he's being held [redacted]

Q Did you get the sense ~~that this~~ was solely Mr. Hickey's concern [redacted]

A He had worked with Buckley.

Q [redacted] But I guess my question is did you get the sense that this was his concern because Buckley was his friend [redacted] or was this the CIA's concern?

A I was under the impression that he, being co-chairman of these committees -- I know he was co-chairman of one; I don't know about the other one -- that it was the committees' concern, not any individual's concern -- that it was the committees' concern, and because I'm a friend of his he just happened to try to call me in personally because he knows I wouldn't really go talking in front of some committee or something.

I mean, it was on a more personal basis at this point. It later became professional, but, I mean, this was more personal.

Q What was personal?

A His asking me. I mean, he could have called John Lawn or Bud Mullens, but I don't think he knew them.

Q What did [redacted] then tell Mr. Hickey about the sources that he had in Lebanon?

A Well, he said we have one very, very reliable source [redacted] that he believed at that time that he would be more than willing to help the United States in any way.

Q Was there any discussion of how this was going to happen, how you were going to structure this?

A At this time all he wanted to know was if we could find the location.

Q What was the next step?

A The next step after the meeting?

Q Yes.

A We went back to headquarters. [redacted] went up and briefed Frank Monestero, I believe -- [redacted] who was [redacted] and then they both went up and briefed Monestero, Frank Monestero.

MR. SCHIPPERS: May I have a second?

(Counsel conferring with the witness.)

BY MS. NAUGHTON: (Resuming)

Q Were you there for that briefing?

A No.

Q Did you hear later what their reaction was?

A They were very favorable. They were actually proud that the White House would ~~think to ask~~ DEA.

Q What's the next thing that happened?

A I don't follow. The next thing that happened? [redacted] came downstairs and told me that they can do it and Monestero was going to set up a special fund for us, the SEO.

Q And this was account 471?

A Right.

Q Do you know how much money was put in the account?

A I think around $50,000. It might have been $30,000 to start with.

Q Have you since had a chance to look at the records?

A No.

Q Were you told how much money was put in the fund?

A I probably was. I thought it was $30,000 for PI and $20,000 for travel, but I'm not sure.

Q When you say PI, what do you mean?

A Purchase of information.

Q This is to pay sources for information?

A Yes.

Q Did you then begin to work the sources?

A Well, I called Hickey and told him that Monestero and everybody, they're setting up a special thing, a special fund, and we were going to be taking off pretty soon to go up to New York and talk to the source and probably go [redacted] to meet some of the sub-sources.

Q Did Hickey volunteer to coordinate with any other agencies or to smooth things along?

A At this time he just said let me know.

Q Now, who else knew about the 471 account other than [redacted] and Mr. Monestero, yourself and [redacted] [redacted]

A Westrate. I'm sure -- I don't know for a fact -- that Mr. Lawn and Mr. Mullens know through Abraham Azzam, who they stipulated be in charge.

Q When was that decided, that he would be in charge?

A When we told Monestero or Westrate, one or the other, that we were going to [redacted]

Q Now your first trip was when?

A Around, I think, the first week of February, February 1, February 2 -- something like that.

Q You went to New York?

A We went to New York first. I met a source.

Q Now this source -- what we've been doing with [redacted] is numbering the sources.

A Source 1.

Q Source 1. So that we're talking about the same person, [redacted]

Q Does his name start with [redacted]

A First name.

Q And who went with you on this trip to New York?

A Myself and [redacted]

Q And what did the source tell you?

A [redacted] had already briefed him on the telephone and he had already made some calls and he had arranged for his main sub-source to meet us [redacted] that following week. This was on like a Thursday or Friday or something.

Q Is this the first you had ever met that source?

A Yes.

Q Was he paid any money that first week in February in New York?

A I would have to say we gave him expense money for flying to [redacted] I don't know how much we gave him. He has vouchers. You have copies of all that stuff that Hoffman gave you. I believe he would have signed for that because that was DEA money.

Q We have a voucher that indicates a source was paid $1,000 on January 31 of '85. Would that be it?

A No. That was a different source.

Q Okay. Which source was paid $1,000 on January 31, 1985?

A I don't think that's the one. This was a different source. This was not the one that we were meeting in New York, although we did pay him in New York. This was a source from [redacted] another person. [redacted] he believed that he may be able to help us. Can I see the number? Does he have an access number?

UNCLASSIFIED

Q What I have here is a synopsis that the Committee prepared. I don't have the actual voucher.

A I mean, we wouldn't have given Source 1 $1,000 because air fare to [redacted] and back is [redacted] or something. So I believe -- I know somebody has these vouchers, the 103s we call them, but I believe this is a source [redacted]

Q That source from [redacted] was also paid on February 7 $3,500; is that correct?

A We paid him the $1,000 just to fly him to New York and then fly back [redacted] because he had to prepare himself to go over there and he had to buy some things, and then we gave him more money when he actually flew to [redacted] He met his control agent, so to speak, [redacted] who was actually handling him.

Q Is that [redacted]

A Yes. And then he went on to [redacted]

Q Is this source, then, connected at all with Source 1?

A No. This source, he did that and that's all he did. He came out. He took a few pictures and said I can't do it. I can't help you.

Q So he made the one trip to [redacted]

A To meet [redacted]

Q And he did go into [redacted]

UNCLASSIFIED

A Yes. He came out with some information but it wasn't very useful. He rather fancied himself to be the James Bond type and he was taking covert snapshots and everything of the poppy fields and everything and actually, although we were always interested in narcotics throughout this whole affair, it wasn't exactly what we were expecting from him.

Q We have indicated here that you paid him $1,000 in January. [redacted] paid him $3,500 in February.

A That was all out of the SEO. I called [redacted] and told him to give him the money and get a 103 and send it.

Q This is all from the 471 account?

A Yes.

Q And $1,000 was paid i[redacted]

A He probably hit [redacted] for some more money.

Q Do you know whether or not he was paid any more money?

A No. I never paid him any more money.

Q Okay. And then I guess we get to Source 1, whom you met in New York, and you recall paying him some money.

A Yeah. I would say we probably gave him $5,000 or $10,000. I don't know how much money we gave him to start with for his trip with us to [redacted] because he had to fly his sub-source out of [redacted] You know, that would all be on the record. Hoffman gave away copies of these 103s to everybody except to DEA agents.

Q Now, at any rate, in New York was it decided that the source would make a trip into the Middle East and see what he could do?

A No. First of all, we went to [redacted]

Q And what was the purpose of going to [redacted]

A To meet his sub-source so we could debrief him.

[redacted]

Q Now, can you tell us -- I gather you went to [redacted] sometime around --

A The first week of February.

Q Around February 6 or so?

A No. If we met Hickey, it was the first week in February, I believe, because we were back. All this comes from my 1012s, so if it was February 1, the 31st we left to go and then we went to New York. The first we went to [redacted] and the fourth we were back.

Q And with whom did you meet? Where did you go [redacted]

A [redacted]

Q Any other cities?

A Well, we landed [redacted] We didn't stay there; we just transited.

Q And in [redacted] who was part of this meeting?

A [redacted] picked us up. Azzam was there, [redacted] was there.

Q And [redacted] is [redacted]

[redacted]

A He was then, yes.

Q Anybody else?

A The sub-source, myself, [redacted] and Source 1.

Q And what was the gist of that meeting?

A Well, Azzam was already over there. [redacted] He didn't have the slightest idea what we were talking about. [redacted] didn't have the slightest idea. [redacted] didn't have the slightest idea. They were just told to be there in [redacted]

So we outlined first of all to them what we were going to try to do and everybody agreed that we could probably do something, if just intelligence-wise. Then we outlined more or less to our sub-source -- I mean

Source 1 and his sub-source what we were trying to do, although Source 1 was pretty much aware. He wanted to talk to his sub-source first and run things by him.

[redacted]

Q We've been referring to him as 2, what you refer to as the sub-source.

Give us the conclusion of this meeting. In other words, were the sources tasked to do anything?

A Um-hum.

Q What's that?

A Well, everybody was enthusiastic about it. Everybody was kind of happy that we were doing this kind of thing, and it would also enhance our drug operation in the Middle East. And Azzam was all for it. Although [redacted] really had not much to do with it, being in [redacted] but he would help in any way he could. And [redacted] was very enthusiastic about it, although he was only the number two guy over there in [redacted]

The sub-source -- well, Source 1 and 2 were all very enthusiastic and they both, when they departed, when we left, I think they stayed maybe one more day in [redacted] and both sources went into [redacted]

[redacted]

Q What were they to do?

A Try to find out any information they could regarding the hostages, any information, and try to recruit other sources if they could.

Q Did you know at this point that Azzam was part of the Hostage Location Task Force?

A He wasn't.

Q When was he assigned to that, to your knowledge?

A I speculate. He met with -- I think he met with Hickey once, I think he said. No. It's after this. It's much after this. I mean, it's not going to be in chronological order here. Azzam, when he came back from his trip [redacted] he wanted to meet with Hickey, so he did, and Hickey showed us a memorandum saying that the FBI, State Department Security, State Department terrorist people, and DEA and whatever other agencies all should have at least one representative -- CIA and NSA and DIA -- they all should have one representative.

We didn't have a representative at that time, so Azzam appointed himself to be the DEA representative. That wasn't now, I don't think. I'm positive it was later on.

Q When did you next meet with the source after he had come back, or speak to the source?

A In the latter part of February.

Q Was that in New York City?

A Yes. Myself, [redacted] and Azzam.

Q ANd what did the source tell you?

A He said the whole thing looks feasible but it was going to take a lot of time, a long time and a lot of money.

Q Take a lot of money to do what?

A To bribe certain [redacted]

Q Is this the first time that an actual plan to bribe [redacted] came to light?

A No.

Q When did that first come in your minds as a possible plan?

A Well, when we first talked to the source. He said the only way you can get anything over there was through money. They're not going to do you any favors. And we were very aware of that anyway.

Q And [redacted] that would be bribed would be [redacted] in Lebanon?

A [redacted] yes.

Q And what was their connection to the captors of the hostages?

MR. SCHIPPERS: You mean what did they know at this time?

THE WITNESS: We didn't know what their connection would be. They would probably put -- for the right amount of money, they would probably put the source, introduce him to somebody -- I don't know -- to somebody else who would want more money, and that guy would probably introduce him to another who would want money. I don't know. The idea was to get to the right people that had enough influence to at least locate -- at this time we were still trying to locate -- them.

BY MS. NAUGHTON: (Resuming)

Q Now on 6 February [redacted] paid $5,000 to the source.

MR. SCHIPPERS: Source 1?

BY MS. NAUGHTON: (Resuming)

Q Well, that's what I'm asking -- Source 1, and he did that with your knowledge?

A Um-hum. We probably told him to.

Q When you met in New York did you pay the source?

A The one in late February? I don't believe we did.

Q I have a note here on 2/25/85 that you paid a source $3,000.

A In New York?

Q It doesn't say.

A I think we gave one of Azzam's sources -- if I remember correctly, we gave one of his sources. He had this jerk [redacted] who he thought was going to help, and the guy was a waste of time. All he wanted was a trip to Lebanon. [redacted]

Q And when did you meet with him?

A I met him at [redacted] Agent 2 office. I never talked to the guy. All I did was Azzam said give him $3,000. I gave him $3,000. He signed a 103. There's a 103 in there because we gave -- this is still DEA money.

Q Do you know when this was?

A That's the only time I remember giving anybody $3,000, so it must be this guy. But there's a 103 for that. That's the only one I can think of.

Q There's also an indication that on February 28 you paid $2,000 to a source.

A February 28?

Q Yes. Would that be the source whom you met in New York?

A I don't know. I don't remember. I'd have to see those vouchers. I mean, they will identify everything. They give the number, the informant code number.

Q Let's put it this way. For the period of time for which DEA was actually financing the money to pay sources, every time you paid a source did you get a voucher, fill out a voucher and get a receipt?

A Correct.

Q So there's no time at which you did not do that?

A Not when we were using SEO 471 money, no.

Q Let's ask the same question, then, of the CIA money. I'm jumping ahead, but so that we can get the money straight. Of the CIA appropriated money that was spent, did you receipt that money?

A No. I mean, I had to give them a receipt for the money, but they didn't ask for anything. They knew what we were going to do with it anyway and they never asked for it.

Q So when you paid sources from the CIA money did you get any sort of receipt or fill out any paperwork to indicate what source had been paid and how much and what date?

A No.

Q The CIA never asked for that?

A No, not that I remember.

Q If we could have that marked as [redacted] Exhibit Number 1.

(The document referred to was marked [redacted] Exhibit Number 1 for identification.)

I'm showing you what's been marked as Exhibit 1, which appears to be a receipt you signed from funds provided by the CIA. Do you recall signing that? Is that your signature?

A Yes.

Q And it indicates that you acknowledge receiving $50,000; is that correct?

A Correct.

Q And that's on March 18?

A Correct.

Q How did it come about that the CIA was giving you this money?

A Azzam arranged it. Actually, in March, I believe, shortly before this, we took the CIA officer here and another retired CIA officer, who was introduced to him -- I knew him [redacted] but he had been retired, but he was introduced to me as a Middle East expert --

Q Is that [redacted]

A Yes.

UNCLASSIFIED

Q And who was the other officer?

A [redacted]

Q And they accompanied you to New York?

A No. [redacted] and I went to New York and they met us up there.

Q And what did the four of you do in New York?

A This isn't the same time frame, my lawyer indicates. He says -- we were reconstructing this yesterday and the day before yesterday -- that I got the money, the $50,000, I signed for the $50,000 before we went to New York.

Then we went to New York, introduced [redacted] and [redacted] to Source 1, and [redacted] briefed him.

Q So they only met with Source 1?

A Yes.

Q When you got the $50,000, was it in cash?

A Yes.

Q What did you physically do with it?

A Brought it back to the office and put it in the safe.

Q In your office? AGENT 2

A No, in [redacted] office.

Q [redacted]

A Yes.

Q Did you take it to New York with you?

~~TOP SECRET~~

UNCLASSIFIED

A No, not all of it. I believe we took $20,000 with us.

Q And did you pay that $20,000 to the source?

A Yes.

Q And that would have been sometime in later March?

A Right, the middle of March sometime.

Q I've got you in New York City March 19 through 26.

A That comes off my vouchers, so it would have been that time frame.

Q And what was this $20,000 for?

A It was for the expenses of the source, his sub-sources, travel for him and his sub-sources, and bribes to certain people in Lebanon.

Q So this money was for prospective work that he was to do?

A Yes.

Q Now, did you discuss with either [redacted] [redacted] their opinion of the source?

A Yes.

Q And what was their opinion of the source?

A Very high.

Q How do you know that?

A Because they said this is one of the best and most intelligent persons regarding the Middle East that we've talked to in quite a while.

Q Did you ever see any reports that they had written of this meeting?

A No.

Q Did you come to learn that later on they had reported in less glowing terms?

A After we had an argument [redacted] where [redacted] got everything backwards, that's when we said we didn't even want to work with him anymore if that was the way he was going to report things.

Q [redacted] the next big event?

A Yeah, I guess it is.

BY MR. WOODCOCK:

Q Before we go [redacted] let me just ask a couple of questions on the $50,000. You received the $50,000, according to your testimony, in March 1985.

A That's what I stated.

Q And who gave you the $50,000?

A [redacted]

Q [redacted] himself gave you the $50,000. Did he give you any instructions as to what kind of reporting requirement you would have to make back to CIA as to the disposition of the $50,000?

A No.

Q Now let me ask you this. This exhibit which has been marked [redacted] Exhibit 1 reads as follows: "I hereby acknowledge receipt of $50,000 from" -- and the CIA officer's name is blanked out -- "in support of a joint sensitive operation. Said amount will be accounted for in full upon completion of approved activity."

Now, what did you understand that sentence, that latter sentence, to mean -- the one that said you would have to make an accounting in full upon completion of the approved activity?

A I don't really remember. I mean, he knew, through Azzam, what we were going to do with the money anyways. So I mean, I guess we told him we gave it to Source 1, the guy you met in New York.

Q But I gather you and he did not discuss this latter sentence here as to what it meant; is that correct?

A No. I just went out there to pick up the money. Azzam had made the arrangements.

Q And you signed Exhibit 1 while you were out there?

A Right.

Q And this sentence is in Exhibit 1?

A Well, I can't remember what their reporting requirements were, if they wanted something in writing or not. I don't remember giving them anything in writing that we gave the money to anybody.

Q Do you recall the subject coming up at all?

A No. I don't remember it, no.

Q And when you signed this you don't recall saying hey, this thing says I'm going to be accounting in full for this; what does that mean?

A I didn't say that.

Q You don't recall that. Okay.

BY MS. NAUGHTON: (Resuming)

Q Between the meeting, then, in New York City around the third week in March until the meeting [redacted] -- was there any activity?

A There was always a lot of activity. It was usually on the telephone, meeting with Hickey, talking with him, getting calls from Lebanon, making calls to Lebanon, looking through some files trying to find some other informants, some other sources -- that kind of stuff. But there wasn't much we could actually do physically until the one source came out.

MR. SCHIPPERS: May I have just a moment?

(Counsel conferring with the witness.)

BY MS. NAUGHTON: (Resuming)

Q My records indicate that then, in April, around the 17th or 18th, of '85 you and AGENT 2 [redacted] went, I guess, to [redacted]

A [redacted] met with the source. He was coming back from [redacted] and we had made arrangements before we left to meet [redacted]

Q And did you all get together with the source?

A Yes.

Q And when was that?

A [redacted] and I met him [redacted] and the source, [redacted] and myself flew to [redacted]

Q And you met with [redacted]

A Yes.

Q Was anyone else there from the CIA?

A Not that I know of, but there probably was.

Q What did your source have to say?

[redacted] But it would take a large sum of money to do it for each individual that they could even obtain or attempt to obtain. There is no guarantee of anything over there.

Q When did the subject of bona fides come up?

A Later. No, we always asked. Anything you can get us [redacted] That's the first thing we ever asked for, to verify.

If these people say they can do it, they should be at least close enough to try to do that.

Q But at this meeting, then [redacted] was the source specifically asked to go back and get that type of evidence?

A At this meeting? I don't think so. I mean, he was always willing to. I don't think we said -- every time he went in there we asked him for this, so I don't know if that specifically came up on this. I mean, if he had come out with a piece of paper or something it would have been better because the CIA, you know, they're skeptical.

I don't remember it coming up specifically.

Q How did you leave it with the source, then, as of this time [redacted]

A [redacted] got all excited because he thought that it was the source's idea to pay large sums of money, and that's the way he had it in his head and he couldn't get it out of his head. So the source -- I think the source decided to stay [redacted] and see what our decision was once [redacted] me and [redacted] went back to the States and had a meeting with the people more important than [redacted] because I think [redacted] was getting on people's nerves at the time because he came out of [redacted] there and said what the hell am I doing here. I don't even like this.

I said, well, we're supposed to meet you here and you're supposed to debrief the guy. He, I don't think, liked the source, and the source didn't like him. Let's put it that way. There was a mutual disagreement.

Q When he said he didn't know what he was doing there, did he say that he hadn't been --

A I think he meant it as a joke, and the source had just come out [redacted] and he's a very serious person.

Q Was [redacted] concern that the source himself was trying to get money by virtue of this operation or that the source was going to be stung by his contacts to try to get money?

A No. I think it was [redacted] concern that the source was making his own deals with these people without getting prior approval, that that was wrong. That was not what the source had told him. The source had told him -- and [redacted] and I were sitting right there -- the source had told him these people told me, not I told the people, and [redacted] went back and reported that he told the people he could get a lot of money if we can get these people.

It was not ever that way, and we had a big argument when we got back over at Langley with [redacted] boss, [redacted] and [redacted] and some other people -- his and some other people.

Q How did you know that that's what [redacted] had reported back to the CIA?

A Because when we got into the meeting they asked him to repeat what he had told everybody else, and me, Azzam and [redacted]re sitting there.

Q And this meeting, then, was sometime in late April?

A Yeah.

Q At this point you've now got $30,000 left, right, from the CIA monies?

A Um-hum.

Q Was there any discussion of holding off on any more payments or what to do with those monies?

A No. Once we explained it to [redacted] and [redacted] and [redacted] -- and there was a couple other people in there, I don't know who all -- they were enthusiastic.

Q So they wanted to go forward?

A Yeah. We had given them a lot of intelligence, so to speak, that the source brought out with him -- you know, names and areas and things like that.

Q After that meeting then did you get back to your source and tell him that you had a green light to go forward?

A Yeah, I guess. I'm sure we did.

Q What's the next event, then, that happened?

A I don't think the source ever came back to the United States on that trip. I think he had stayed in [redacted] and he was recruiting some people, [redacted] He was talking with some of them, [redacted]

So he would stay there and do most of his calling in and out until we wanted him to go back or until he thought it was necessary for him to go back.

Q Your records indicate that you were in New York City on May 4 of '85. They also indicate that you paid a source $10,000 on that day. Now this is DEA monies from Account 471. Was that paid to Source 1?

A I guess it was. I'd have to see those vouchers. I don't have that in my chronology, that I gave anybody $10,000. May 4?

Q Yes.

A I was there myself? Was [redacted] with me?

Q We only have you listed on May 4.

A If I was in New York, I didn't pay any source in that period of time DEA money except Source 1, I believe.

Q Is there any specific reason why you would use DEA money for that payment as opposed to the CIA money that you had available?

A Was it DEA money?

Q Yes, it was from 471.

A No, I can't answer that, really, honestly.

Q I had one other question. I don't know what time frame to put on it. I'll just ask you in general. Did you have some sort of contact or something to do with the fire department in New York City?

A Me?

MR. BERMINGHAM: Taxis to FD. That might not

UNCLASSIFIED

TOP SECRET

be fire department. Federal District Court?

THE WITNESS: Federal District Court.

MR. BERMINGHAM: Would you normally have put FD down on your expense account?

MR. SCHIPPERS: May we have a second?

(Counsel conferring with the witness.)

THE WITNESS: No. It would say more than that. Is that off my 1012?

MR. BERMINGHAM: Yes.

THE WITNESS: On the voucher, taxi to FD?

MR. BERMINGHAM: It might have said fire department.

THE WITNESS: I've never had anything to do with the fire department. Brooklyn. That's Federal District Court, then.

MR. BERMINGHAM: In connection with this operation would you have been going to the District Court?

THE WITNESS: In Brooklyn, yeah.

BY MS. NAUGHTON: (Resuming)

Q Actually, this was in April of '86 -- I mean March of '86, March 20-21, '86. And we've got New York, FD, regarding -- and it from this account, 471. But a notation [redacted]

A April of '86, was that when [redacted]

UNCLASSIFIED

TOP SECRET

[redacted]

Q What's [redacted]

A [redacted]

Q It's a drug operation?

A Yes.

Q And did it concern some of the people [redacted]

A (Nods in the affirmative.) And it concerns the hostage thing, too.

Q Right [redacted]

A [redacted] was reporting narcotic information that we were getting from all our sources over there under [redacted] We were also interested in narcotics. We can't neglect that. Just because we're doing one thing, we're still narcotics agents first, once and above all.

Q Then is the money you gave them from the 471 account or from another narcotics-related account?

A Narcotics-related [redacted]

Q I'm sorry. We got a little off-track.

MR. SCHIPPERS: Can I clarify a point, please?

The $10,000 to a source out of 471, was that in May of 1985 or in May of 1986?

MS. NAUGHTON: May 4, '85.

MR. SCHIPPERS: So we're talking about two different things here?

MS. NAUGHTON: I skipped ahead to the New York stuff.

THE WITNESS: FD. I'll have to think about that. If I saw the 1012, I could tell you what it is right away.

BY MS. NAUGHTON: (Resuming)

Q Was your testimony, then, that you didn't recall paying the $10,000 on May 4, '85?

A I don't recall that. I'm sure I could document it, because if it's SEO 471 money there is a voucher. If I did it, I did it. I made a lot of payments over the last two years, and I just don't remember that one specifically. I've tried to put some half-jointed chronology together here just going from what [redacted] and I can remember off our records and our 1012s and our 352s and things like that, and from tickets and stuff we had left.

And I just don't remember that.

Q Do you recall, then, on May 4 of '85 what you went to New York City for?

A That's the thing. That's the reason --

MR. SCHIPPERS: May I once again clarify something? Is this FD in May of 1984 or '85?

MS. NAUGHTON: No.

MR. SCHIPPERS: That's the other one.

MS. NAUGHTON: That's March '86. We're off that.

THE WITNESS: It has nothing to do with the Federal Court, then. It was '85 when I was going to Federal Court up there, not in '86. '86 was when [redacted]

BY MS. NAUGHTON: (Resuming)

Q May 4, '85, you're in New York City. What are you doing in New York City?

A That's a good question. I can't tell you. I do not know. I don't remember at this time. I'll get my vouchers and from my 1012s I can tell you. I just don't remember. I mean, I have a total blank on that. Even on my chronology I don't have anything for May 4.

Q Aside from the sources that we have discussed, which is Source 1, the guy that showed up at Azzam's office that was paid a small amount of money, and the one that was paid in [redacted] were there any other sources of which you are aware that were paid from, first of all, the DEA funds, the 471 funds?

A I do not believe so, no.

Q What about from CIA funds?

A No.

Q Did the whole $50,000 in CIA funds go to Source 1?

A Yes.

Q When did the remaining $30,000 go to Source 1?

A Between the end of April and first part of May, as far as I can tell right now -- the first half of May, I would say.

Q Do you recall where you were when you paid him the money?

A I believe in New York.

Q Where?

A New York -- no, no. We paid him [redacted] I remember because I remember going through [redacted] and they looked all through my bags and were examining my toothpaste, but when they saw the money they didn't even blink an eye. They just kept on going.

Q Did you have an official passport?

A No.

Q That's encouraging.

[redacted]

Q Now the $30,000, was that paid to him before he went back into the Mideast?

A No. We paid it to him [redacted]

Q But was he to go into [redacted] after that?

A Right.

Q And did he go into [redacted]

A Yes.

Q And what was he to do [redacted]

A [redacted] obtain some kind of evidence [redacted] we still were concerned about all the hostages, but Buckley was the number one priority. And he said he would get some kind of documentation that Buckley was still --

Q His contact said that?

A Yes.

Q Did you stay [redacted] then while he went into the Mideast?

A Yes.

Q And did he come back and meet you [redacted]

A Um-hum.

MR. WOODCOCK: You have to respond audibly or it won't get picked up.

THE WITNESS: Yes.

BY MS. NAUGHTON: (Resuming)

Q Did he have any evidence when he got back?

A Yes. [redacted]

[redacted]

Q So at the time that the source gave this to you did you think that this was genuine?

A Yes. I still do.

[redacted]

[redacted] I can't think that he would try to do something like that for a relatively small amount of money.

I mean, all right, they will rip anybody off for anything over there, but I just can't see him doing this when he had prospects. He knew that the source was going to take it back and document it, and I can't see him doing something like this in my own mind, never meeting this guy personally~~, him doing something~~ like this if it wasn't real [redacted] ~~because~~ he could look forward to a lot more. Why ~~should he~~ do this for a pittance when he could --

[redacted]

BY MS. NAUGHTON: (Resuming)

Q Before the source went [redacted] to get this evidence had you or anyone told him [redacted] would be forthcoming if the evidence turned out to be accurate?

A We said some more money will come for this and for other things, yeah.

Q Did you mention [redacted]

A I don't think we mentioned a figure. We said we'll see what it's worth.

[redacted]

Q So after the source came out [redacted] [redacted] did you contact either Azzam or anyone at the CIA or at the White House?

A I was over there. I flew back. We flew over, I think, on a Friday. I came back on Sunday or Monday. I went to Ollie's office first.

Q Why did you go to Ollie's office first?

A Because as far as I'm concerned he was running this hostage location -- I wanted to go to Hickey's office, but Hickey was out of town or something, so I went to Ollie's office.

Q What gave you the impression that North was running it?

A North gave me the impression he was running it.

Q I guess we didn't go over North. I gather from what you told us at your first interview you first met Oliver North at a breakfast meeting at the White House with Hickey and Coffield and Azzam and [redacted] is that correct?

A Right.

Q Did you meet with him then subsequently?

A Yes.

Q Before this came up?

A Yes.

Q So when you say you had the impression Ollie was in charge from what he told you, was that in subsequent meetings with Colonel North?

A Right. Well, Hickey at one time said from now on, you know, coordinate everything with Ollie. If I'm around, let me know.

Q Did North ever tell you that?

A No, not really. I mean, he said from now on I guess we'll be working together. He says I'm going to handle this. I don't know if he said exactly that, but I just assumed that North was in charge of the thing because that's the way he was. I mean, I knew Azzam was technically in charge of me, but he was not on a daily basis -- he had many other things to do. He was aide to

Lawn and he was traveling a lot. He had a lot of other things to do.

And Ollie was not always there, but usually when we told him we were going to have something he would be there. And he was kind of more or less running things as far as I was concerned.

Q Well, I'm trying to get at this point in time what you thought he was running. When you go to the big meeting at the CIA after [redacted] meeting, North is not there; correct?

A Um-hum.

Q And as far as you know he's not in charge of the $50,000 that was given by CIA?

A Um-hum.

Q What exactly was he in charge of?

A I had no problem with the CIA. They didn't ask to see the evidence right away.

Q Had North asked to see the evidence right away?

A I called and told him and told him I had it and I would be bringing it by his office as soon as I got back. I don't know if he said come by here. I said I'll be there as soon as I get into Dulles. My wife picked me up and drove me down there.

[redacted]

[redacted]

Q So when you brought it to North, then, you were not aware that Azzam or anyone else had made plans to have it examined?

A I know that plans were being made, but I don't think they had been made then, and I don't believe that one bit.

Q You don't believe that he did have those plans?

A I know he had the plans for the next few days, but I don't believe he had them, if I walked into his office with them that day that there would be someone to whip them over to the FBI laboratory. I don't think so.

Q I guess I'm still confused as to what you thought that North would do as opposed to bringing it to DEA, to the CIA, or to the FBI.

A Well, once Ollie looked at it I called Azzam and said I'll be over with it. He was very upset with me. I've been upset before. He's been upset. I got upset with him. He was making a jerk out of himself.

Q Did this conversation occur in North's office?

A No. I phoned in from Dulles. I phoned him from North's office and said are you going to wait around, because it was about 5:00 or 5:30, and he said yeah, I'll wait.

Q North said he'd wait?

A No.

Q Azzam said he'd wait?

A Azzam said he'd wait.

Q So when you brought it to North, what was his reaction to it?

A He was very happy with it, [redacted]

Q Whom did he call?

A I don't know.

Q The CIA?

A I'm sure it was Dewey or Clair George or something like that -- Casey or something that.

Q And did he discover that was not [redacted]

A Um-hum.

Q And what was North's response to that?

A He didn't have any problem with it.

Q Could you elaborate on that a little bit?

A He was happy with this. I mean, I can't elaborate very much more. I don't know what to say. He said, you know, this may be some -- I think I suggested to him [redacted]

[redacted] So that's my reasoning behind the thing. I want it to be [redacted] maybe that's why I'm reasoning that.

But I still believe it's [redacted] The source believes it. I think Colonel North believes it, and I think [redacted] believes it. I don't think Azzam does. I think the CIA, they were very happy when we went over the next day. They were more than happy with that.

Q Well, I'll explore that, but did Colonel North have any objection to your taking [redacted]? I gather he didn't keep it in his office.

A Then I left Colonel North's office and walked through the park over to our headquarters.

Q Did he have any objection to your taking [redacted]

[redacted]

A No. [redacted]

[redacted]

Q [redacted]

[redacted] was there any discussion as to whether that caused it to be suspect?

A No [redacted]

BY MS. NAUGHTON: (Resuming)

Q After you left North's office did you bring it to Azzam?

A Yes.

Q And I gather his reaction was less enthusiastic?

A Right, to put it mildly.

Q What did he then do with [redacted]?

A I forget. He made arrangements for us to have a meeting at CIA the next day in the morning, because I was dead tired because that's a 19-hour round trip -- I mean, one way. We made arrangements to meet at 9:00 or 10:00 at the CIA headquarters.

Whether he kept [redacted] or I kept [redacted] and brought it out there the next morning, I don't know. I think I did [redacted]

[redacted]

BY MR. GENZMAN: (Resuming)

Q Can I ask a question? You say he was less than enthusiastic.

A Yes.

Q What did he say?

A He wasn't happy with this. He says, that's all? Is that all? And I said, that's all.

Q He expected something?

A I think he expected a little more, yes.

Q [redacted] perhaps?

A Whatever. I think [redacted] had explained to him that's what we had over the telephone. See, [redacted] stayed behind [redacted] with the source.

Q Did he go into detail regarding [redacted]

A I don't know what he said because we were having -- I never cared for Azzam to start with. I've worked with him not just on this thing. [redacted] I worked with him in other places. I wouldn't care what Azzam said. I'd forget what he said. I don't know what he said. If he didn't like it, he didn't like it. That was his problem, not mine.

Q Did anyone find that it was suspect [redacted]

A I don't know. I didn't find anything wrong with it, thinking or reasoning the conditions in which it was probably given. [redacted]

BY MS. NAUGHTON: (Resuming)

Q The next morning at the CIA, who was there?

A There were about eight people at least -- me and Azzam, [redacted] -- it was [redacted] office. [redacted] That's his last name; I don't know half of their first names. A guy named [redacted] and I don't remember the rest of the people. [redacted] was there and probably if [redacted] was there [redacted] was there.

Q When you say they were very happy with it, who exactly do you recall saying they were happy?

A [redacted] [redacted] said, this is great. If this is right, this is fantastic, he said. This is better. This is the best thing we've had in quite a while.

MR. GENZMAN: Did you say, if he said it's right?

THE WITNESS: Yeah. [redacted]

[redacted]

Q What was the step that they were going to take, then, to check it out [redacted]

[redacted]

A Give it to the FBI, [redacted]

Q And what happened?

A They gave it to the FBI [redacted]

[redacted]

Q But who actually sent it to the FBI?

A I think I took it over. I'm not sure. Either me or Azzam. I think we sealed it up and gave it maybe to one of the drivers or else I took it or Azzam took it because he was going over there anyways to have a meeting. I don't remember exactly how it got there, but that was the same day that we had the meeting.

Q Now I gather that the FBI report on that was inclusive.

A Right. [redacted]

Q Whose decision was it, then, not to pay [redacted] [redacted] for such evidence?

A Abraham Azzam.

Q Do you have any sense of why it was he was in control of whether those monies would be spent as opposed to someone from the CIA being in charge of that?

A I don't understand that.

MR. SCHIPPERS: Why him and why not CIA? It's CIA's money.

THE WITNESS: I wish the CIA was in charge of it, because they would have given it to us right there. I don't know why. They came up -- Azzam and [redacted] were plotting something.

TOP SECRET

[redacted]

[redacted]

Q Did you speak to Colonel North about the reluctance of Azzam to pay up [redacted]

MR. SCHIPPERS: Before he answers that, could I talk to him for a second?

(Counsel conferring with the witness.)

(A brief recess was taken.)

BY MS. NAUGHTON: (Resuming)

Q I think we were all the way up to May of '85. Okay. North's reaction to Azzam's refusal to pay [redacted] What I'm getting at here is did North say that he would take any steps to see that the money was paid or would somehow get the money?

A He did, but I have to explain that. I asked Mr. Hickey for a meeting. I went over and explained the situation to him and Coffield. Coffield was there, and they called North and North came over to Hickey's office, and I laid out the situation -- that this guy can't do anything without going back in and giving these people some money for this thing, and that Azzam refuses. The CIA did not refuse, but did not offer, to pay any more money because they said it's up to Azzam.

So I told Ollie at that point as far as we're concerned if this guy, this source, is dead out of the water unless we give him some money to go back in and pay

UNCLASSIFIED

these people, whoever, and I said if you want, you know, [redacted] and I are out of it as of this time unless somebody comes up with some money. We'll turn the guy over to you. Ollie can run him. I said, I don't care, and we're finished.

So then North said, well, let me see what I can do. He says I don't have the time, I don't have the people here to control him. I don't have the people that maybe the guy would trust to work with. He trusted [redacted] and I and basically he trusted [redacted] implicitly. He'd do anything for [redacted] knew him for years and years.

Q Did Hickey say he would take any steps to try to loosen up the money?

A No, I don't think so.

Q Was there any mention?

A North, he said he would see what he could do.

Q Was there any mention of bringing Poindexter into it?

A Not by name. He may have said I'll have to go check with my boss or something. I don't know. I don't remember that.

Q Was there a discussion at that point of perhaps soliciting private funds to pay?

A No. He just said -- the Colonel said he would see what he could do.

UNCLASSIFIED

BY MR. WOODCOCK: (Resuming)

Q Let me interrupt and just clarify something. You said a moment ago that someone trusted [redacted] and had known him for years and years. Who were you talking about there?

A The source.

I made one final try with Azzam. Azzam was scheduled imminently to go under some kind of operation, major operation, and I gave him one call at home, I remember, about 8:00 at night. [redacted] and the source were still [redacted] waiting, and I called him and I said, lookit, you know, you are hanging [redacted] out. You are hanging the source out. What are you going to do?

He said, I ain't doing nothing. He says, I'm going to have my operation. You guys can do what you want to do. I said, that's it, then. I said, I'm finished with you, and that's it.

BY MS. NAUGHTON: (Resuming)

Q Is that when Azzam basically dropped out of the picture in terms of this operation?

A No. I think after he had his operation he came back and North said, you know, I'm happy with [redacted] and [redacted]

Q Who did North say that to?

A I assume he said it to Azzam. I wasn't there, but Azzam kind of was out of the picture ever since then. I don't know if there was anything formal or informal or whatever.

BY MR. WOODCOCK: (Resuming)

Q How do you know he did that?

A Because he didn't bother me any more.

Q But how do you know that he tried to get back in and North said I'm happy with [redacted] and [redacted]

A I shouldn't maybe have said that. I don't know. I assumed that.

BY MS. NAUGHTON: (Resuming)

Q Okay. Now I gather there is a point at which the source is paid $200,000.

A Yes.

Q Right?

A But in between that [redacted] and the source came back.

Q Well, did the source come back to the United States?

A I don't know. [redacted] came back to the United States and we had some meetings with North and Hickey.

Q More meetings with Hickey?

A Yeah. I think [redacted] wanted to go over and explain the whole thing. [redacted] wanted to get his explanation, so to speak, on record, so to speak -- not

UNCLASSIFIED

written down, but he wanted to let him know what we had done and explain Azzam's actions to Hickey, because [redacted] was more or less in charge of this thing for DEA, as far as I was concerned.

Q Were you part of that meeting?

A I don't believe I was, but [redacted] told me about it.

Q And what did he tell you was the result of that meeting?

A He said that the Colonel is more than happy with that stuff, that he had shown it to somebody who I think he referred to as "the old man", and the old man was satisfied that it was perfectly legitimate.

Q And who did you believe the old man to be?

A Casey.

Q Who told you that Casey was the person referred to?

A Nobody, because he referred -- I think [redacted] told me that he said that those people, my own people across the River don't sometimes know what they're doing.

MR. SCHIPPERS: Who said that?

THE WITNESS: I don't know who said it, but that's what [redacted] told me. [redacted] told me that Ollie told him that that's what the guy said.

BY MS. NAUGHTON: (Resuming)

UNCLASSIFIED

Q That was Casey's reference to his own people at Langley?

A As far as if it is Casey, that's an assumption.

Q If we could digress for a moment here about Casey, were you ever present when Casey and North spoke on the telephone?

A No, not that I know of. He was constantly on the telephone. I don't know who he talked to.

Q Were you ever present at any meetings between North and Casey?

A No.

Q Did you ever meet Director Casey?

A Never.

Q Did North ever refer to conversations with Casey to you?

A North would tell me that he would meet Casey quite frequently, but about what I don't know that it digressed into why it took place.

Q Why would he tell you that? How did that come up?

(Witness conferring with counsel.)

A Because in the mornings -- if you want to write it down, I don't care -- in the mornings North explained to me that Clair George -- he would talk to

Clair George in the morning, who I guess is the number two or three guy over there, or four or something like that, in operations or something. But usually after lunch he couldn't get too much of a response from Mr. George, so he would talk to Casey instead. That's what he told me.

BY MR. WOODCOCK: (Resuming)

Q Was that intended to be an observation on George's declining powers of perception as the day went on?

A I don't know. I take it for what it's worth. That's what Ollie told me. Ollie was very candid. I mean, we got to trust each other pretty much. He tested us to see how far stuff went that he told us, and he found out it didn't go anywhere.

BY MS. NAUGHTON: (Resuming)

Q Did North say that he had briefed Casey on your activities?

A I don't know. I don't remember him ever telling me directly that I talked to Casey about this and ran your plan down to him. No, I can't say that he ever told me that.

Q Well, can you explain this to me? If North is close to Casey and speaking to him often and Casey was happy with this evidence, why is it that Casey could not free up [redacted] to pay your source?

A I don't know.

Q That was never explained to you?

A No.

Q Is the next thing of significance that happens, then, the [redacted] trip and the $200,000 payment -- I mean not the [redacted] the Jay Coburn?

A When I met Coburn in Ollie's office?

Q Yes.

A I guess. Let me see. Yeah.

Q Can you tell us how that came about?

A Fawn called me at home. I was at home because I had base duty that weekend, so you get the day before. It was Friday and I had Saturday and Sunday duty and Friday and Monday off.

MR. WOODCOCK: That would be Fawn Hall, correct?

THE WITNESS: That's correct, and said can you be down here around 6:00? Ollie wants to see you around 6:00, and he says he'd like you to be here. So I said sure. So I drove down and he explained to me that he had got some donor money or private money coming and we would be able to clear up this misunderstanding and we'd be able to continue on.

So I said fine.

BY MS. NAUGHTON: (Resuming)

Q Was this the first mention, then, of using private money?

A No, I don't think so. We had talked -- well, on some trips to New York we had talked to one of our ex-DEA people, [redacted] and he's very well connected with the Catholic Church, with the Cardinal, the Cardinal in New York --

MR. WOODCOCK: O'Connor?

THE WITNESS: O'Connor.

MR. SCHIPPERS: I should know that.

THE WITNESS: I should know that, too. But we had talked to him about Father Jen~~k~~co. The Catholic Church was extremely interested in obtaining the release of Father Jen~~k~~co and everybody knows the Catholic Church has a lot of money and at that time, you know, he said if I can ever help in any way let me know.

And we told Ollie about this and actually this was Monestero's idea, because Monestero [redacted] were very good friends and they were in touch with each other. But I think Monestero retired around this time, I believe.

Anyway, that would be the first time private funds came to light. But that had nothing to do with

North. I mean, we told North about [redacted]

BY MS. NAUGHTON: (Resuming)

Q Do you know if he ever pursued that?

A Who?

Q North.

A No. He didn't even know [redacted] from anything. He said if we get Father Jenco out we may have to hit them up for some bread. That's all.

Q I see. So it was just sort of a post facto payment?

A Well, [redacted] wasn't too receptive. He said if the government's going to do it, let the government do it. I don't want to hit these people up for money if the government's going to pay for it. So that's kind of the way we left it.

Q Were you aware of any contacts that North had with officials of the Catholic Church to try to obtain the release of the hostages?

A No. This was from Monestero, who was one of the DEA people. He suggested that we might want to be in touch with [redacted] I knew [redacted] from years ago, but I didn't know he was that tight with the Catholic Church.

Q But my question is, were you aware of North's contacts with the Catholic Church?

A No, I wasn't.

Q Were you aware of North's contacts with any other churches in regard to trying to extricate the hostages?

A No.

Q Now we were on the Jay Coburn thing. It comes to pass -- and correct me if I'm wrong -- that you sort of recruit your brother into taking the money to Europe.

A Um-hum. Ollie said, we got the money. Do you want to get a guy? Do I want to get a guy? I said if I've got to travel with him I want somebody.

Q Was that this Friday night when Fawn called you?

A No.

Q This is earlier than that?

A Later than that, because we didn't have the money yet.

Q Then let's go back to that Friday night when she called you. What happens when you come to Ollie's office?

A He explained to me that a guy was driving up from Baltimore with $200,000 cash. He was being driven by some security guard company. We waited until almost midnight and I said, you know, I've got to be at work at 8:00 the next morning and I have got to man the radios and base station and everything, and this guy kept calling, saying he was having problems. He couldn't get across -- the private guard company would not cross the state line with the money.

So they had to get a company from D. C. to go out and meet him. So finally the guy got there about 1:30, 2:00 in the morning. He walked in and -- Ollie went down and picked him up because he had to escort him upstairs. He said, [redacted] this is Jay; Jay, this is [redacted] I don't even think we used last names. The only way I knew it was Coburn is because he had the money in his briefcase and he had Coburn on it, Jay Coburn.

He took these envelopes -- I think it was four or eight -- four manila envelopes -- out of his briefcase and laid them on Ollie's coffee table -- this was when Ollie had his old office, before he moved upstairs to his bigger office -- laid them on the coffee table. We had a talk for about 15 minutes, just generalities about some of the things he had done when he was in Iran.

Q In Iran?

A Yeah, and he still had some friends over there, but they were not in Iran any more; they were in Pakistan in these refugee camps, and he was trying to get this one person out, of his family out, and he wondered if DEA could help in any way [redacted]

UNCLASSIFIED

[redacted]

So we said we'll see what happens. Give us a call. Give us the information, because he didn't have it with him. And then he said I got to get going. So Ollie walked him downstairs. I stayed in the office.

Q It's not clear to me what you're doing there. I mean, why does Ollie want you there?

A I guess he wanted a witness when he was getting the money because Fawn wasn't there. I don't know, or he wanted somebody around. I don't know.

Q Well, was it your impression that you would later be dealing with Jay Coburn and he wanted to introduce you?

A No. I never thought I'd see him again.

Q But Ollie introduced you, obviously, as a DEA agent or affiliated with DEA?

A Yeah. I don't remember us using last names. I think he said this is [redacted] he's with narcotics or DEA or whatever.

Q Did Jay know what the money was for?

A I don't know. He didn't tell me he knew.

Q So I gather there was no discussion of the hostages in Lebanon?

A There might have been a general discussion,

UNCLASSIFIED

but I don't think it came up that we were going to use this for them. I don't know, really. You know, I kind of believed that he knew what it was for, but I don't think it was discussed, really.

Q So when he gave the money he didn't say what this was for?

A No. He said I was told to bring this over, get it over to you.

Q Did you know that he worked for Ross Perot?

A Um-hum. Only -- I didn't associate him with Ross Perot that same night, but then when I started thinking when he was talking about he had friends in Iran, he had worked in Iran, and he was still trying to get some of these people out of Pakistan, I remembered reading the book "Where the Eagle Flies", or whatever it is, and his name was in that. That's where I associated it, but it wasn't that same night. It was a couple days later.

Q Did he bring $200,000 exactly?

A To the best of my knowledge. We didn't sit there and count it.

Q What was done with the money?

A After Ollie walked him down -- he took it out of his briefcase, put it on the coffee table. We had a general chat. Ollie walked him down. Ollie came back and said what do you want to do with it? He says, do you want to take it over and put it in DEA's safe, or do you want to put it in my safe?

I said, well, I don't feel like walking around with it at 2:00-2:30 in the morning over to our headquarters. So Ollie said, well, we'll just put it in my safe, and he put it in his four-drawer safe there.

Q Now when did you have a discussion then about how this was going to get to the source?

A When -- okay. We got that toward the last week in May. I think it came up where Ollie said whenever you guys need it, let me know, or whenever you're ready for it, let me know. The informant or the Source 1 was not sure that he could go right back in because such a time period had elapsed, and he was not sure. He had to make some calls and talk to some people to find out if he was going to be killed when he went in or if they would welcome him or be cordial to him or whatever.

He did determine that if he came in with the money he would be welcomed. So he informed me and [redacted] of that. We went over and talked to Ollie. Ollie says fine. Whenever you're ready to go, let's go. Who wants to get a guy? Do you want to get a guy or do you want to use one of my guys?

Q This is my question. When was it discussed that you had to have a guy?

A I learned about this through [redacted] [redacted] was having meetings with Lawn, not daily but maybe weekly, keeping him appraised of things.

BY MR. WOODCOCK: (Resuming)

Q How do you know that?

A [redacted] told me. I was sitting in [redacted] office. I'd know when he'd go to see Lawn. I was with [redacted] just about all the working hours.

Q Would he come back to you after having had a meeting with Lawn and say I just talked to him and kept him up to date on how things were going?

A Of course. Yes, [redacted] told me everything about it.

Q And based on that, your best guess is he was meeting with him approximately once a week and keeping him up to date; is that fair to say?

A Either Lawn or McCurnan.

Q John McCurnan?

A Yeah, John McCurnan. Sometimes Lawn was in the Far East or sometimes he was in China or whatever.

Q When he was in the Far East, he'd meet with McCurnan; is that right?

A Right.

Q And how about [redacted] Would he keep him up to date at all?

A Yeah.

Q What would you gauge the regularity of that?

A Daily. [redacted]

BY MS. NAUGHTON: (Resuming)

Q What did he tell you that Lawn had said about the use of private money?

A Lawn said that the AG told him, the Attorney General told him or somebody -- or Webster told him; I don't know who -- but somebody told him that it was fine to work with them, to do whatever we can do to get the hostages out. Don't lose track of the narcotics thing because there's still a lot of information and a lot of cases to be made and seizures to be made, et cetera.

However, if you're going to be using large sums of unappropriated funds, have somebody else handle it because it wouldn't look right, because half the people we were dealing with knew that we were with the government, and it was not government money. So he wanted us to use somebody else.

Somebody wanted us to use somebody else. Whether it was the AG, whether it was Poindexter or McFarlane or whoever, I don't know.

Q When you say because it wouldn't look right, was that the only reason given to you then -- because it wouldn't look right to the people who were going to be paid?

A That's the way I understood it. I was never told this. I mean, [redacted] told me this and Ollie inferred it, that he had talked to somebody, either the AG or Webster or McFarlane or Poindexter, and they told him, you know, you can't have government agents running around paying these funds or something. I don't know.

This is the way I understood it.

Q What reason did Ollie give?

A He didn't give us a reason. I think he gave us the reason that this is the way the AG told him that you can work with these guys, or that these guys can work with you, but they can't go around paying large sums of unappropriated funds. You have to use a private citizen.

MR. WOODCOCK: Do you recall him attributing that to the AG himself?

MR. SCHIPPERS: "Him" being North?

MR. WOODCOCK: That's correct. Do you recall North attributing that?

THE WITNESS: Yes, I believe so.

BY MS. NAUGHTON: (Resuming)

Q So when Jay Coburn arrives with the $200,000 you already know in your own mind that you won't be able or you won't be the one to actually physically carry it?

A Correct.

Q Did you approach your brother about helping you out on this before or after Coburn arrived with the money?

A I would say I approached him when -- I can't answer that because I don't know if it was before or after. I approached him when I learned that we were going to have to have a courier or private citizen as the courier for the money. That's whenever that happened, whenever I learned that, which I assume is after the money was there because there wouldn't be no sense -- if we didn't have the money, there's no sense in informing him about this.

Q How soon after the money arrived with Jay Coburn that Friday night did you actually physically go over [redacted]

A We left June 26. It was about three or four weeks later.

Q And it was yourself and your brother. Anyone else?

A No, myself and my brother.

Q For the record, your brother is [redacted]

A [redacted]

UNCLASSIFIED

Q Was he to get any sort of fee for this?

A No, just his expenses.

Q Do you know what they totaled?

A I think it was pretty close to the $5,000 that Ollie gave him. I think he had maybe $50, $60 left over, and he gave that to me.

Q When Ollie gave him money were you present?

A Yes.

Q Where did that money come from?

A Ollie's desk or his safe, one or the other -- or his briefcase.

Q One of those three?

A Right. His briefcase, I think.

Q Did it come in cash or traveler's checks?

A Traveler's checks.

Q Do you remember what kind?

A Banco de Ecuadoro, I think it was. I think they were VISA or Master Charge or something. They weren't American Express. But I had never heard of this bank.

Q It was some sort of Spanish name?

A (Nods in the affirmative.)

Q Did you ask Ollie about these checks, where did they come from?

A I asked him. I said what is this, you know.

UNCLASSIFIED

Are these things good? The first thing I did was went out and cashed one and made sure they were good before we took off. My wife was waiting outside for us. [redacted] I drove, picked him up, picked my wife up, and she was going to drive us out to Dulles.

She waited outside in the car. [redacted] and I went in. We were in there maybe ten minutes at the most in Ollie's office. And I said, you know, as soon as I get out to the airport I'm going to cash one of these things and it better be good, you know, else we'll take the $200K and use that for the trip. We'll pay it out of the cash.

He said don't worry about it. They're good. They're good. So I said fine.

Q Did Ollie tell you where he'd gotten the traveler's checks?

A No.

Q Did he have you sign any sort of receipt?

A No.

Q What was your impression where these traveler's checks had come from?

A I don't have the slightest idea where they came from.

Q Did you think they were government or private monies?

A I thought they were probably CIA monies. I don't know.

Q And that this bank was some sort of a front or cover or something, an account or front company?

A Where they had access to this or something. That was my first impression, that he had some kind of working relationship with Dewey or George or Casey or somebody and they gave him this for expenses or something. I didn't know.

MR. WOODCOCK: Did you know Dewey Clarridge at this point?

THE WITNESS: No. I knew a guy named Dewey that he would talk to on the phone a lot, and I knew who Dewey was, but I had never met him. I met him subsequent.

BY MS. NAUGHTON: (Resuming)

Q And was your impression that these were CIA accounts for covert operations?

A That's what I believed.

Q Did you ask him whether or not he wanted any sort of vouchers or any sort of receipts to indicate how you had spent the money?

A No.

Q You never discussed that with Colonel North?

A Never.

Q Did you ever offer to give him such vouchers?

A My brother asked him. He said, do you want me to sign for this, and Ollie said no.

MR. WOODCOCK: Did he give you a reason for not wanting your brother to sign for it?

THE WITNESS: No. He just said no. My brother was very concerned about this, you know. And I had cleared it with Customs. I had cleared it with DEA, the Washington field office. They have a Customs guy. He was there and walked us through, and my brother said, we don't have to fill out any forms or nothing. I said no, Customs will go with us.

BY MS. NAUGHTON: (Resuming)

Q Given that you had to sign a receipt for the CIA funds that you picked up from [redacted] didn't you think it odd that North got these monies from the CIA that you didn't also have to sign a receipt from North when you picked up the money?

A No, because that's the way Ollie worked. He didn't want anything. He didn't want anything written from us. He would write things in his books sometimes when we'd give him names and we'd give him places or vehicles or what have you, but he never really asked for a report or asked us to write it down and give it to him, even though he was writing it down.

Q Did he ever say to you he didn't want it written down?

A No. He never asked for it, so we never wrote it down. I don't think he said, look it, don't give me any written reports. I don't think he ever said that. But it was just I think it was more understood between him and [redacted] maybe that we weren't going to put nothing on paper. I don't know.

Q If I could skip ahead just a moment, when you met Charlie Allen and [redacted] did anyone from their side of the shop ask you for any written reports or written intelligence?

A No. They always wrote everything down. They were the writers.

Q That wasn't my question. Did they ever ask you for anything?

A No. I mean, they might have asked. They never got anything.

Q Well, do you recall that they asked?

A No. They might have, I said. Charlie Allen was always asking for anything he could have because he had to go to these Monday morning meetings or meetings every 9:00. He was always looking for stuff, and we would give him what we could. But we would give the same

UNCLASSIFIED

to Ollie, and Ollie said well, you know, when you give information to two people, invariably half the time somebody believes one thing and somebody believes another.

So then after a while we stopped giving it to Charlie to keep it straight.

Q You were getting information from your source. How did you keep it straight if you weren't writing it down?

A As soon as I got it I would give it to Ollie.

Q Well, he wasn't always around, was he?

A No. But I'd just give it to him.

Q You'd just keep it in your head until you spoke to Ollie?

A I'd write some names down sometimes. And to get spelling. Like half these names I couldn't spell, and I would write them down on a piece of paper like this, and I'd go in there or I'd meet Ollie in the park and I'd give him the piece of paper. I'd say this is how you spell these or this is the city. Half of the cities you can't spell -- I couldn't spell, anyway -- so I would get the phonetic spelling from the source, write it down the way they believed it was spelled, and I'd give the piece of paper -- like not a report, just a little scrap of paper -- to Ollie.

UNCLASSIFIED

Q You and your brother then left from Dulles. Where did you fly to?

A [redacted] We didn't stay overnight [redacted] We just transited [redacted]

Q And how long did you stay [redacted]

A Two or three days.

Q Did you meet with your source [redacted]

A Yes.

Q And I gather your brother handled the money this whole time?

A Yes.

Q Did he give the source the $200,000?

A Yes.

Q Did you get any sort of receipt from the source?

A Yes.

Q Where is that receipt?

A Hoffman has it, Dennis Hoffman, Chief Counsel of the Drug Enforcement Administration.

Q Did you give it personally to Mr. Hoffman?

A Yes, I did.

Q When was that?

A I want to say three weeks ago. I'm not sure. I didn't write it down.

Q Where was it until you gave it to Mr. Hoffman?

A It was in a box in my office, in one of my offices. I've been transferred four times since I've been working on this thing, so I don't even bother using a desk any more. I just throw crap in boxes. I forgot all about it, to tell you the truth.

My brother says -- I've talked to him after he had met with, I think, you two gentlemen, and he says, you know, I could swear that when we were in that room we signed a receipt. So I said, well, I'll look. I said, I don't remember. And lo and behold, out popped a receipt.

Q Was the receipt in with other documents pertaining to these transactions?

A No.

Q It was mixed in?

A Mixed in with my dailies, my monthlies.

Q And your dailies or your monthlies didn't have anything to do with these subjects that we're discussing at this deposition?

A No. Just my travel. We don't write daily reports any more. Actually, it's weeklies, form 352. It's just the amount of hours you spend traveling, and I would make a notation on the side we were working on SEO 471. Even though 471 money had run out, I still used that as a code name, as this operation.

Q Right. But would you be specific then in your

UNCLASSIFIED

3527

A For hours?

Q This is just to keep track of your hours?

A Yes, for my time card.

Q Let's say from the period of May of '85 until the early fall of '86 what percentage of your time would you say that you devoted to spending on this hostage operation?

A I'd say 95 percent. Do you mean my working time? I'd say 95 percent. Maybe not quite 100 percent, but you'd have some argument with people in [redacted] because I was assigned to [redacted] and, you know, they weren't getting any work out of me, and they would say 100 percent of the time. But I would use my office down there, and I was putting in my time cards, so you have got to figure five percent of the time I was doing that.

Q Do you know what the source actually did with the $200,000?

A Did I see him?

Q I gather you didn't see him because he supposedly paid contacts in Lebanon; is that correct?

A No.

Q Did he keep the $200,000 for himself?

A No. He gave it to somebody [redacted]

Q The source gave it to someone Who [illegible]

UNCLASSIFIED

UNCLASSIFIED

did he give it to [redacted]

A The person we refer to as [redacted]

Q All $200,000?

A That's what he told me [redacted] However, you know, I met [redacted]nd we had numerous conversations about Lebanon and America and the problems in each country. And he, the source, told me that [redacted]oes not want to be seen in front of anybody taking this. So I said fine. I can understand that.

I am under the impression that this, we'll call him a sub-source actually, [redacted] and I can understand his not wanting to be seen getting paid off by somebody. So the source told me he gave him the money.

Q When you met [redacted] was this after or before he had received the money?

A Before.

Q And did you ever meet with him after he received the money?

A Yes.

Q Did he acknowledge receiving the money?

A No. He acknowledged in an offhand way. [redacted]

UNCLASSIFIED

[redacted] So, you know, I took that as an acknowledgement that he didn't want to get ripped off or what have you.

Q And did you accompany him?

A Yes. [redacted] myself, my brother, and two [redacted] We went to the bar and had a drink, and he had this briefcase with him at all times and didn't let go.

Q Do you have any indication --

A And Source 1 was with us, too.

Q Do you know what he did with the money when he got to Lebanon?

A Via hearsay. I know what he was supposed to do with it or what the source told me he was going to do with it, was to give it to certain influential people that would enable us to gain more information and the possible -- possible -- release. There was nothing guaranteed in this. It was a venture. It was a risk.

MR. SCHIPPERS: May I clarify one point? This source that you referred to as [redacted] is not the source we referred to as sub-source 2 originally?

THE WITNESS: No. This is a different source.

BY MS. NAUGHTON: (Resuming)

UNCLASSIFIED

Q What I'm getting at is do you know how the $200,000 was eventually broken down?

A No.

BY MR. GENZMAN: (Resuming)

Q Do you have any general idea that it was distributed?

A That's my belief.

Q Earlier you had said that the payment was for the evidence as well as other things to come. What other things came as a result of the $200,000 payment?

A Very little intelligence information, because right around this same time the TWA thing went off. [redacted] this TWA thing screwed things up, too.

MR. SCHIPPERS: Which source are you talking

UNCLASSIFIED

about?

THE WITNESS: Source 1.

BY MR. GENZMAN: (Resuming)

Q Did you receive any information or benefits which would lead you to believe that the $200,000 had trickled down to the right people?

A Yeah, via Source 1. He would say that they have given me this information. I am meeting with these people. I am meeting with these people. He gave us [redacted]

But with reference to the hostages, yes. He would try to inform us of the movements, if there were movements, and we would tell Ollie. But it was information that was really not what you would call too verifiable, so to speak, because it was usually a week, two weeks old. Although it was "good" intelligence, it was not good for up to date instantaneous kind of stuff.

BY MS. NAUGHTON: (Resuming)

Q Okay. Did you come back with your brother?

A No. We went [redacted] first -- my brother, Source 1 and myself.

Q You all went [redacted]

A Yes.

Q For what purpose?

A We met [redacted] there, and we formulated some more plans and we were meeting -- not meeting but trying to plan what our next move was going to be. The source did not really want to stay [redacted] He wanted to get out of there for a little while [redacted] He felt that he wanted to see how this money, after it trickled down or filtered down or wherever it went, how that would affect his status over there.

So we went [redacted] and met [redacted] and made plans on what things we were going to do.

Q Now your plans apparently went awry when one of the contacts died.

A Um-hum.

Q And the TWA hijacking occurred; is that correct?

A That was Source 1's contact.

MR. WOODCOCK: He's the one known as [redacted] [redacted] right?

THE WITNESS: Yes.

BY MS. NAUGHTON: (Resuming)

Q Was there anything else that could be

attributed to the failure of those plans?

A No. But I have to say this. In a certain sense, once we started working with Ollie completely, there were times when he would say, lookit. Hold off. Tell your guy not to do anything. Tell all your people over there don't do anything right now. All right. If he gets some information, okay, but don't try to then make any moves right now, because some other people got some things going. Somebody else has something going.

So sometimes when you've got something to do and it's somebody that you've called off because you have a better avenue, a better shot at it, it throws your timing off.

Q Now I'm speaking specifically about the plan you were formulating in and around May or June of '85.

A '85.

Q Did that plan encompass your renting a safe house in the event the hostages would be released?

A There was some talk about that, yes.

Q Did you take any steps to rent a safe house?

A No. We decided not to because, to my best recollection, if we had a safe house we would have had to get a doctor, and Ollie inferred that he had good connections, and I know [redacted] had good connections with [redacted] so we figured if they had these connections and if the release was imminent we'd use them because they would be under guard that way.

Q Did your plans include your renting any boats?

A If need be, yes.

Q And where did you plan to rent them?

A From some of [redacted]

Q Just so we get the plan straight, the plan encompassed the payment of somewhere around $1 million per hostage; is that correct?

A (Nods in the affirmative.)

Q Where was that money to come from?

A North.

Q But where would he get it?

A I assume he would get it the same place he got the $200,000. I'm not positive. I don't know. In '85, I don't know, but I can jump forward in '86, when we were going and Coburn showed up [redacted] so I'm just assuming. I mean, he didn't tell me where it was going to come from. I believed that he had several sources, several people willing to donate if something was imminent.

I believed the CIA would have come up with it at one time, because they really wanted Buckley out. If

UNCLASSIFIED

TOP SECRET

they could have got Buckley, I think the CIA would have paid, or Ollie might have had to get the money and CIA would have reimbursed him. I don't know how they would work that.

Q Did you ever get the impression that Coburn or Perot was simply fronting for the CIA?

A No. I got the impression Coburn did whatever Perot wanted him to. Perot said do this, and he went and did it.

Q Were any steps taken to get the money over to [redacted] some point, dropping-off point, [redacted] in 1985?

MR. SCHIPPERS: You mean the millions of dollars?

THE WITNESS: No. We had -- the people that Source 1 was talking to, we had made various methods of payment available to him -- not made them available -- given him suggestions as to how, because the money was not going in there until the bodies came out. So we said you can do it in a bank [redacted] You can send a guy here. Their people could send a guy here. As soon as we get confirmation of the bodies out, the guy takes the money. We'll guarantee we'll put him on a plane and he can go wherever he wants to go.

We could meet [redacted] We could meet in

TOP SECRET

UNCLASSIFIED

[redacted] We could meet [redacted] We could meet [redacted] [redacted] We could meet [redacted] -- wherever these people feel comfortable. But you have to stress the point that this is it. There ain't no more money going in there until something comes out, as far as we were concerned. Now if other people wanted to do it, they could do it. As far as [redacted] and I were concerned, and Ollie was concerned.

BY MS. NAUGHTON: (Resuming)

Q Now it comes to pass in 1985 that you meet a guy who is called the Prince -- al-Mahoudi.

A I don't even think that's his name. Al-Mahoudi is his name. Is that his real name?

Q Well, who knows. His case goes by the name of Zadeh.

A As I say, I don't think al-Mahoudi is his name.

Q Could you tell us how that came about, that you came to meet this person?

A Yeah. [redacted] and I were over in Ollie's office one time talking and making plans, briefing him or something, and he said I've got --

MR. SCHIPPERS: Who is "he"?

THE WITNESS: North. Colonel North says I have this source from the Middle East. Actually, he's a

Saudi Arabian, he said. But he's part of the Royal Family, but he's blacklisted. He's a black sheep of the Royal Family and his part of the family tried to take over from the other. I don't know the whole story. He was part of the family who tried to take over from the other party of the family and, therefore, they kicked him out of Saudi Arabia.

But they gave him a certain way to maintain his life style, that he would get a certain amount of crude oil per year or per month or what have you. But when he got here to Washington some Saudi Arabian security people came to his house or his apartment or whatever, asked for his passport, and took his Saudi passport. So he's now traveling on some kind of Grenadian passport.

So I said, that's interesting. What do you want us to do? He said, well, he's helping the United States in certain ways.

BY MS. NAUGHTON: (Resuming)

Q Did he mention the contras? Did he say that this person --

A I think he said he was helping me, through Miller, through Richard Miller. So Ollie said, you know -- what did he say? He just was explaining because I asked who that guy was -- not Al-Mahoudi but Miller, because I saw Miller come out of his office and he looked familiar to me. So he said, well, he's running this guy for me.

Does that answer it? Do you want me to go on?

Q I have one question first. Did North ever mention, for lack of a better name, the Prince, if we could call him the Prince, to Azzam in your presence? Did he ever ask Azzam what he thought?

A No.

Q Did he ask you to check this guy out?

A Not check him out per se, like we would check one of our normal -- if we were going to put the guy to work for us -- you know, give him a DEA number and pay him through DEA.

Q Did he ask you to check him out in any way?

A No. We did, without North knowing about it, when we got him a visa down in the Bahamas.

MR. WOODCOCK: How did you check him out?

THE WITNESS: He gave [redacted] business card or something and [redacted] who worked fo[redacted]t that time, happened to be in the Bahamas [redacted] He gained the guy's confidence when he was waiting. We had to wait overnight to get the visa, and the guy told him where he lived and [redacted] was from the same town and

[redacted]

knew the house and knew it was a very impressive house and everything like that.

He didn't know the guy, but he knew the house and the area. So that's basically the way we checked him out.

BY MS. NAUGHTON: (Resuming)

Q Okay. What did North tell you Rich Miller did?

A Rich Miller? North told me that Rich Miller helped or was -- I don't know. I came to learn what he did, but I don't think Ollie told me. He said he used to be with AID. I thought he was actually ex-CIA, but I don't know. But he was very young. I mean, he looked young.

Q When you spent some time with Miller, what did he tell you he did?

A Worked for IBC or IBM or something like that.

Q What did he say IBC was?

A International Business Corporation or something like that. I had his card someplace.

Q What did he tell you IBC did?

A I don't know that he ever did tell me that. I was confused there for a while. I thought they were some kind of fundraisers. Then I thought they were lobbyists, and then I thought they were publicity agents or what do you call them, public relations people. I really was confused about what he did until I subsequently found out exactly what he did.

Q Did you know who their clients were -- in other words, who they were raising money for?

A No. I mean, I learned, but I didn't know then. I'm sure that if Ollie said he was helping him it was down south, but I didn't know that for a fact.

Q And you're referring to Central America when you say "down south"?

A Yeah.

Q There came a point at which you accompanied Mr. Miller and the Prince to Europe; is that correct?

A Um-hum.

Q Do you recall when that was?

A In the summer, late summer -- July, end of July.

MR. SCHIPPERS: '85?

THE WITNESS: July 1985.

BY MS. NAUGHTON: (Resuming)

Q Now why did you go to Europe with them?

A Ollie called me one day at [redacted] office and asked me to come over to see him. He said he had a little problem. So I went over there and he explained to me this Grenadian passport and that the Prince and Miller were going to England and that they had to go there to do some business, some business transactions, with some banks, some fiduciary interests in London.

So, he said, with this Grenadian passport -- they had tightened controls throughout all of Western Europe, and he was worried that the Prince may have a problem with immigration, getting through Heathrow -- let's say getting into London. So he said you know a lot of people over in England -- [redacted] He said, can you just go along with him, because Miller didn't know what he was doing. Miller took him down to the Bahamas and they put him in jail and, you know, we had to bail him out of that -- not bail him out but get him a visa.

So Ollie said I feel much more comfortable if you go along. Plus the fact that this guy, he thinks, knows a lot of the Middle Eastern type people -- Iranians, Iraqis, Kuwaitis, and Lebanese.

So I went back and I asked [redacted] and [redacted] says yeah, by all means. And when you're there, see what the guy knows and further develop whatever I can. If not, it's a chance. Maybe the guy will work out; maybe he won't.

But I know that North and Miller were very high on the guy. Now I had never met Miller personally until Ollie called him when I was in his office and asked him to come over.

Q When you went to London with them, how many days did you spend with them in London?

A Five or six, seven.

Q Did you ever get a sense of what their connection was to each other, what their business relationship was?

A I stayed at the [redacted] because I know the guy that is head of security there. I tried to get them to stay there, but they would have nothing to do with it -- they wanted to stay in the Intercontinental -- because I know the guy that is head of security and the Prince was scared that he was going to, you know, we had a bomb threat on the airplane when we were over there and we had to land at Dublin, and the Prince thought they were out to try to get him.

I would go through the Intercontinental every day, just about a couple times a day, just to make sure they were okay, and they were always sitting, talking, in the lobby with a bunch of people. I didn't make like I knew them and they didn't make like they knew us.

Q Were these people Mideastern looking?

A No. They were very English-looking. At times I guess there were some Middle Eastern types there.

BY MR. GENZMAN: (Resuming)

Q Why did you stay there five to seven days?

A Why?

Q Yes.

A I wanted to make sure everything was okay, that they weren't going to get hassled, because sometimes Immigration will come along and hasle them some more.

Q So it was your understanding all along that you would stay as long as they stayed?

A No, not as long as they stayed -- as long as I felt -- it basically was up to me. As long as I felt they would be okay, then I could leave.

Q Did they stay longer?

A I don't know how long they stayed in England. Miller had brought his wife along. So that's how I got to get close to the Prince, because Miller would take his wife out sightseeing and everything, and the Prince called me and said I'm going by myself. Come over.

So I went over and talked to him. He knew all the good names of all the people in Iran, Iraq, Jordan, Kuwait, Lebanon. He knew all the mullahs. He had his robes and all that stuff. He said he wouldn't sit next to a woman if she didn't have pants or a long dress on, because if she had a skirt on he would turn away. That's the way he was. That's the way he acted.

BY MS. NAUGHTON: (Resuming)

Q Okay. So you began to develop him as a potential source.

A He made numerous telephone calls. It was all in Arabic. But what could I do?

Q Did he ever ask you for money?

A Ask me? No.

Q Did you pay his expenses in any way?

A In London?

Q Yes, let's start with London.

A No.

Q Now, did they stay in London when you left?

A To the best of my knowledge.

Q How was it, then, that you ended up traveling [redacted]

A I came back the beginning of August from London, the 15th, around the 15th, circa August 15, '85. [redacted] and myself flew from Washington [redacted] to meet with Source 1, who was just coming out [redacted] While [redacted] after about four or five days, we got a call from Ollie, who said can you guys go [redacted] The Prince has a small problem, or has a problem, or there is something wrong.

Can you go [redacted] and hook up with the Prince and see what's wrong? So we said yeah. The last week of August we went [redacted] and I, and we talked to him, and he said he had his passport stolen. Somebody broke in his room and took his passport.

Q Did [redacted] leave?

A Yeah, [redacted] left. [redacted] stayed a couple more days and then left. He was going to go back and find out what Ollie wanted us to do.

MR. GENZMAN: Which passport was stolen? Was that the Bahamian passport?

THE WITNESS: He didn't have a Bahamian. He had a Grenadian.

BY MS. NAUGHTON: (Resuming)

Q And whose idea, then, was it to try the American embassy?

A Mine.

Q And did you contact [redacted]

Omit #3

A Um-hum.

Q And the two of you then went to visit Ambassador [redacted]?

A Um-hum. Yes.

Q And what did you tell Ambassador [redacted]?

A Well, first we ran it by this [redacted] who was the consular officer there.

Q For the record, that's [redacted]

A Okay. We ran it by her, and she said well, you know, she says, I don't know all the details. So I called Hickey, and I said, look, this is what we need. You can check with Ollie. Can you see if [redacted] can do this? I explained what we needed.

Let me back this up first, if you don't mind. I asked Ollie. I said, what is it with this piece of crap Grenadian visa. I said, why don't you get CIA to get him a visa? He says, I asked Casey to do it. Casey said that because this guy is part of the Saudi royal family but he's persona non grata back there [redacted] that they would prefer to stay out of it because they don't want to get the Saudis angry at them, the CIA doesn't, or the United States Government doesn't [redacted]

So I explained to Hickey what we needed. Hickey said I'll call [redacted] and I'll call you right back. He called her. He called me back and said wait in the office. Expect a call in about five minutes. Five minutes, [redacted] called us and asked us to come downstairs.

We explained to her, and [redacted]- what did you say her name was?

Q [redacted]

A was down there, and she blatantly lied to [redacted] and said, of course, [redacted] I'll do whatever you want me to. And she says well, do whatever these agents want you to do. And she went outside and she took #3 [redacted] aside and said #3 [redacted] I can't do it. It's impossible.

So that was it.

Q How did he eventually get travel papers?

A Through another country, from me.

Q From you? You arranged through one of your contacts to get him other travel papers?

A (Nods in the affirmative.) But not for permanent. In order for him to remain [redacted] he had to have some kind of papers, so the papers were in my control. They weren't his for good. I had a lot of ideas how to go about doing it once I got back to the United States. I couldn't do much over there because I didn't have that many contacts over there, and I was out of money.

I was over there for like a month and a half.

Q Okay. Let's get to that. Did there come a time at which you received some wire-transferred money?

A I don't know how it came about. I called

Ollie. I called [redacted] and said, look, I haven't gotten any money and over a month and a half my American Express bill is out of sight. I'm paying this guy's freaking bill. I'm paying his telephone bill. I've got -- American Express is calling my house. I said, you've got to get me some money.

So Ollie -- this is the way I guess it went. [redacted] called Ollie and Ollie said all right, I'll see what I can do. [redacted] called me the next day or two days later and said they're going to wire some money to the Prince. The Prince will give you some and he'll have some, because the Prince was out of money, too.

The Prince said they took his money when they took his passport or something like that. I forget.

Q Were you there when the Prince received the wire transfer?

A No.

Q Do you know how much he received?

A No.

Q How much did he tell you he received?

A I don't think he did. He said I've been instructed to give you $15,000 in traveler's checks, American Express. He called me. I was staying in the hotel up the street. He was staying in one hotel and I was staying in another.

Q Did [redacted] tell you how much was going to be sent to the Prince?

A No.

Q Did [redacted] tell you you were going to be getting $15,000?

A Um-hum.

Q So you were just expecting $15,000?

A Yes.

Q So you were just expecting $15,000 and you didn't know how much the Prince would get.

A Correct.

Q Did you get $15,000?

A Yes.

Q And these were in the form of American Express traveler's checks?

A Correct.

Q Were they blank? In other words, did you have to sign them?

A Yes.

Q Did the Prince indicate where this had come from?

A No. I don't know. What I know is what he told me. He said I have been gone and asking for money from Mr. Miller -- or he called him Richard -- for days now, and Richard keeps stalling me and keeps stalling me.

He says, I have to pay my bill. He had one of these Rolex watches with all the diamonds in it, and he was going to leave that with the desk until he got some money.

So I can only assume that he was talking about Richard Miller.

Q But did it not concern you, then, if the money was coming from Miller and you were taking $15,000 of it?

A As far as I know, my money was coming from Colonel North, because I never talked to Miller. I mean, I talked to him. I would call Miller sometimes and tell him, look, this guy is driving me crazy and I really don't believe him too much. And he says don't worry, don't worry. He keeps telling me the thing's going to go, the thing's going to go -- this crude oil thing or something.

Q You thought your money came from North?

A That's who I told. I told [redacted] I needed money. [redacted] told me he talked to North. North says, don't worry, he'll be taken care of.

Q But if the money is coming from North to you, why is it going through the Prince?

A I don't have the slightest idea.

Q So you thought that the Prince got his money from Miller, that you got it from North, but it was all in one wire transfer?

A I don't know that. I was not there. I can assume that, but I don't know it.

Q Well, do you know of any reason why you would not have gotten a direct wire transfer from North?

A No.

Q When you were with the Prince, then, in Europe, did you meet with anybody else to try to figure out if this guy was for real?

A Yes.

Q Was that someone you learned later to be Richard Secord?

A Yes. He used the name Copp. You showed me a picture the last time and I recognized him. And Zucker.

Q Were they together?

A At one time they were. The first time it was Copp by himself.

Q And how did that meeting come about?

A Ollie called me and said that this guy would be calling to set up a meeting with the Prince for him. This guy is very well versed in the Middle East and he wants to evaluate this guy, meaning Copp.

So I did that. And I asked Copp for some money too, and he said he would get me some, and then he vanished.

Q Because you figured he had a pipeline to North?

A Well, I figured North must be talking to him. I didn't know he was Secord. North said he worked with North on this hostage thing.

Q Who did you understand Copp to be with or work for?

A Ollie. He's a friend of Ollie's from his military days, he said, and he had been in Iran and knew his way around the Middle East.

Q But you understood him to be outside the U.S. Government?

A Yes.

Q Did you arrange a meeting, then, between Copp and the Prince?

A Yes.

Q And how long did that meeting last?

A About an hour, an hour and a half. It was in the afternoon in the lobby of my hotel.

Q And did Copp ask him questions?

A Yes.

Q Did you speak with Copp after that meeting?

A Yes.

Q And what was his assessment of the Prince?

A He wasn't sure at that time. He wanted not to believe him. He thought he was probably a Savama and he might be a possible -- what's the word they use? He might be a plant by the Iranians or Iraqis or someone.

BY MR. WOODCOCK: (Resuming)

Q In other words, he thought right off the bat he wasn't a Saudi; is that correct? From what you are saying, Secord or Copp figured out pretty early on that he was not a Saudi?

A He didn't figure it out. He didn't know.

Q If he thought he was Savama, then he would have thought he was an Iranian, right?

A He thought he could be. He just didn't know, and he wanted Zucker to come and evaluate him.

Q So he suspected, at any rate, that he might not be a Saudi right from the start; is that correct?

A No, not really.

Q It isn't correct?

A I don't think so.

Q He thought he was a Saudi working for Savama?

A This is the first time he had met the guy.

Q Wait a minute. I'm just trying to back up a little bit. It's a minor point, but he told you after this meeting that he thought the Prince was working for Savama?

A He didn't say he thought. He said he could be. The word he used is --

MR. SCHIPPERS: Agent provocateur?

THE WITNESS: Something like that. You know, this happened a long time ago. If that's what Secord says he said, then I said it. I don't think he knew who he was. He wouldn't positively say he was not who he says he is.

BY MR. WOODCOCK: (Resuming)

Q But he speculated to you that he was with Savama?

A Could be Savama. But he said he could also be the true thing, because he looked at all the papers. This guy had papers, cables, telexes, briefcases full of this crap coming out. And Secord didn't know what it all meant. That's why he wanted Zucker to look at it. Zucker was a business lawyer or something familiar with these kinds of transactions that this guy was saying he was in on.

BY MS. NAUGHTON: (Resuming)

Q Did Copp explain to you what his relationship was with Zucker?

A No. Yeah, he didn't. Whenever I would call Copp or Copp would call me, and sometimes I wouldn't be in my room, it would say call back, and it would be Zucker's telephone or Zucker's office, because I guess he answered. I don't know how I knew that.

Q Did you ultimately arrange a meeting between the Prince and Zucker and Copp?

A Yes, that same evening.

Q And what happened?

A The Prince never showed up.

Q Did you have a chance to chat with Zucker?

A Yeah. We sat around for about an hour, half an hour. They weren't going to give him much time, because it was a Friday night and Secord or Copp was going up to the Matterhorn and Zucker wanted to go home.

Q What did Zucker tell you about himself?

A That he was an American. I wanted to know how come he's living over there. I said how's the life over here? It seems to be pretty expensive to me. He said, well, it's got its ups and its downs. It was just general conversation.

Q Did Zucker indicate what kind of work he had been doing for Copp?

A (Nods in the negative.)

Q Did either of them mention Albert Hakim?

A No.

Q Did any of the three of you discuss Colonel North?

A Colonel North?

Q Yes.

A Yeah.

Q Do you remember what that --

A Me and Secord -- me and Copp.

Q Do you remember what that discussion was about?

A How he came to know Ollie. He said he knew Ollie in Vietnam.

Q Did you discuss North with Zucker?

A Not that I remember. We might have. I couldn't say. I don't remember.

Q Did Zucker or Copp know why it is they were checking out the Prince?

A I would say because Ollie asked them to. I was saying to [redacted] -- now what [redacted] was telling to Ollie, I don't know, but I was telling [redacted] this guy is really strange, man. I have never really spent this much time with a guy and he keeps stalling. He doesn't do anything. I keep telling him, look, everything can go right if you put up what you say you are going to put up. Either put up or shut up; I'm wasting my time.

Was sick and tired [redacted] by this time. I wanted to go home.

Q But did you get the impression from talking with Copp and Zucker that he knew what this Prince was supposed to be doing -- in other words, what they were checking him out for?

A I believe Copp did. I don't know about Zucker, but I believe Copp did.

MR. WOODCOCK: May I jump in here?

(A discussion was held off the record.)

(Whereupon, at 9:00 p.m., the taking of the instant deposition was recessed, to reconvene at a date to be determined.)

____

Signature of the Witness

Subscribed and Sworn to before me this __________ day of __________________________, 1987.

____

Notary Public

My Commission Expires: ______________________________

UNCLASSIFIED

CERTIFICATE OF REPORTER

I, MICHAL ANN SCHAFER, the officer before whom the foregoing deposition was taken, to hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Michal Ann Schafer

Notary Public

in and for the District of Columbia

My Commission Expires: February 28, 1990

UNCLASSIFIED

STENOGR APHIC MINUTES
Unrevised and Unedited
Not for Quotation or
Duplication

UNCLASSIFIED

HSITS 145 /87

[redacted]

HOUSE 4253

UNCLASSIFIED

Committee Hearings

of the

U.S. HOUSE OF REPRESENTATIVES

[redacted]

Partially Declassified/Released on 14 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

[redacted] 1 2

OFFICE OF THE CLERK
Office of Official Reporters

TOP

COPY NO. 3A OF 3 COPIES

UNCLASSIFIED

SECRET

SLK

MCGUINN

DEA Agent 1

DEPOSITION OF [redacted]

Friday, August 28, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

The select committee met, pursuant to call, at 9:00 a.m., in Room 2203, Rayburn House Office Building, Pamela Naughton [staff counsel] presiding.

Present: Pamela Naughton and Robert Genzman on behalf of the House Select Committee.

Timothy Woodcock on behalf of the Senate Select Committee.

Richard Giza on behalf of the House Permanent Select Committee on Intelligence.

David B. Schippers on behalf of the witness.

Partially Declassified/Released on 14 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED

SECRET

MS. NAUGHTON: This is a continuation of a deposition. My name is Pam Naughton, staff counsel for the House Select Committee to Investigate Covert Arms Transactions with Iran.

MR. WOODCOCK: Tim Woodcock. I am with the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, associate counsel.

MR. GENZMAN: Robert Genzman, associate minority counsel with the House Committee.

MR. SCHIPPERS: David Schippers, representing the deponent, [redacted]

Whereupon,

[redacted]

was recalled as a witness and, having been previously duly sworn, was examined and testified further as follows:

BY MS. NAUGHTON:

Q [redacted] I think when last we left, it was sometime in or about May of 1985, and we had been talking about the prince. I think we should probably finish with that part of the episode and then work our way a little bit back to talk about the plans or the things you tried to do to locate and, hopefully, extricate the hostages. Now, I believe we went through - and correct me if I'm wrong - I think we went through the episode in the [redacted] Embassy when you tried to get -

SLK 1-A

A I was never on a [redacted] embassy.

Q American Embassy trying to get a passport for the prince. After that time - please correct me if I'm wrong - after that time was the prince wired a certain sum of money from Mr. Miller?

A Yes.

Q Do you recall how much that was?

A No. I know I got $15,000. I don't know how much money he was wired.

Q How do you know that $15,000 came from Mr. Miller?

A I didn't say it came from Mr. Miller.

Q I did. Do you know?

A I talked to Colonel North. Then I talked to #2 [redacted] and I said, look it. I have been over here almost 30 days now, 40 days. I don't need this. I want to go home. I don't have any money. Colonel North called me and said - this is when I met Copp - he said Copp will probably give you some money. I met Copp twice. He didn't give me nothing. And I said, I'm leaving.

Q When you spoke to Copp, did you get a sense that North had talked to him about money, or when you mentioned money, was that a brand new subject to him?

A I think it was a brand new subject to him. That's the feeling I got.

Q Did you ask Mr. Copp for money?

A Yes. I said, did Ollie say anything to you about expenses.

Q And what did he say?

A He said, yes.

Q Was that all he said?

A To the best of my recollection. I can't remember everything he said. I think he said I'll see what I can do bippety boop, boopety bop and he was gone. I never saw him again except for that night, same night with Zucker.

Q Were you introduced to Mr. Zucker by Mr. Copp?

A Yes.

Q Did they arrive together?

A Yes.

Q Did you meet them at the hotel?

A At my hotel.

Q Did you go anyplace with them?

A No. I think we sat there and waited for the Prince al Masoudi there.

Q Did the Prince ever show?

A No.

Q When Mr. Copp introduced you to Mr. Zucker, did he tell you what their connection was?

A No. He said that Zucker would know more about all the paperwork. The Prince, he had so much paper.

Q Okay. The Prince had some documents and you wanted Mr. Zucker to look at them?

A Documents. Don't say documents, say paper. This guy had so much paper. And they were all letters of credit, letters of this and letters of this for millions of millions of dollars and I didn't understand it.

Q Why did Mr. Copp bring Mr. Zucker.

A Because Copp, I don't think, understood it. He said this guy is a lawyer. He could maybe make sense of this. But, I think then, after the prince left, the guy said this guy is Savama, that's what he thought. I still don't think the prince is.

Q That is what Copp thought?

A Yes.

Q Now, when you met Mr. Zucker, what did he tell you about -

A Wait a minute. Can I say something? Before all this happened, I was calling Ollie and I said, this guy if full of crap.

MR. WOODCOCK: That is the prince?

THE WITNESS: Yes. Because all he does is come over here and give me all this paper. I said, we don't need paper. We need to put it on the table. Okay. I just wanted to make that clear.

MR. WOODCOCK: What did Ollie say when you said that?

THE WITNESS: He said, it's not my problem. It's Miller's problem.

BY MS. NAUGHTON:

Q Did Ollie ever tell you that he expected the

SLK-5

prince to make a donation to the contras?

A No.

Q No? Did Mr. Miller ever tell you that?

A No.

Q Did Zucker or Copp -

A What do you think, people come and they ask you? I mean it was known.

MR. SCHIPPERS: That he was trying to do this?

THE WITNESS: I had nothing to do with anything south of the states. I knew what was going on, you know. But I had nothing to do with it and if I had, I would tell you.

BY MS. NAUGHTON:

Q Is it fair to say -

A I knew they were trying to use the guy to get a couple million dollars, sure.

Q What did he say about that? What did the - - - - say about that?

A He loved it. But the guy was a fraud.

MR. SCHIPPERS: Wait a second.

THE WITNESS: This third party stuff, I won't swear to God, but I have sworn to this and you know.

MR. SCHIPPERS: He was told this.

MR. WOODCOCK: But you know how you know; is that right? Presumably, you do know how you know this, is that correct?

THE WITNESS: Yes.

MR. WOODCOCK: Well, even though you may not have heard it directly from the prince, if you could explain how it is that you know these things that would help us along.

THE WITNESS: I could unload.

MR. WOODCOCK: Who told you?

THE WITNESS: Miller.

MR. WOODCOCK: How did it happen that he told you?

THE WITNESS: When we were in London.

MR. WOODCOCK: And what did he tell you?

THE WITNESS: He said that the prince was helping Ollie on this thing down south.

MR. WOODCOCK: On his work down south?

THE WITNESS: Yes.

MR. WOODCOCK: What did that mean to you?

THE WITNESS: Well, to me it meant he was probably getting money for the Sandinistas or the contras, either one or the other. I didn't understand this whole contra-Sandinista thing.

MR. WOODCOCK: But you understood North was working on that matter, is that correct?

THE WITNESS: Yes.

MS. NAUGHTON: Let the record reflect that Richard

Giza has come in. Mr. Giza is with the House Permanent Select Committee on Intelligence, and is an associate staff member of our committee. I want to ask you a few questions about Mr. Zucker. While you were waiting for the prince and were conversing, did he tell you anything about himself, what he did for a living.

THE WITNESS: Yes. He was an American living in Switzerland and he said, it's tough.

BY MS. NAUGHTON:

Q It's tough to live in Switzerland? Was he talking about finances?

A Finances, yes.

Q Did he get the impression that he was not financially -

A He was talking about the value of the dollar.

Q Do you know where he was from in the United States?

A No. I assumed either Pennsylvania or California.

Q Why did you assume that?

A It must have been something he said.

Q Did he mention to you anything about Colonel North? Did you discuss Colonel North with Mr. Zucker?

A No. Well, I can't say I didn't, but I can't say I did. With Copp earlier in the afternoon - this was later at night. With Copp I did, yes. I said, how do you know him. He said, I worked with him in Vietnam.

Q In Vietnam? Did he say he worked with him anyplace else?

A Not that I know. I can't say.

Q Did Copp ever talk about Bill Casey?

A No. But once I - let me just explain.

Q Do you want to go off the record?

(Discussion off the record.)

Q I will ask you this. Did Mr. Copp indicate to you that he knew any agency people, let's say in Europe?

A No, no. He said just Ollie in that he had worked - he had extensive experience in the Middle East.

Q Did you believe Mr. Copp to be either a CIA asset or officer?

A Yes.

Q Which?

A I would say asset. You know, I'm thinking now I know he's General Secord.

MR. WOODCOCK: You know at this point he's General Secord or later?

THE WITNESS: I didn't know then.

MR. WOODCOCK: I just wanted the record to be clear on that.

THE WITNESS: I thought he was one of Ollie's guys, you know. He spoke Farsi, Arabic, a little. I thought he was just one of the guys that Ollie knew. I can't say he was CIA or, you know, whatever.

BY MS. NAUGHTON:

Q Did Ollie explain to you who he was?

A Never. He said there's this guy by the name of Dick Copp who will call you and meet with you, and he should give you some money, and he never did. He met with me, but he never gave me any money.

MR. WOODCOCK: He never gave you any money at any time or during this fall period?

THE WITNESS: Any time. I picked up - he met in my hotel, [redacted] He never gave me a dime. I picked up the tab for him and Zucker, and then Zucker came about 11:00 o'clock that night.

BY MS. NAUGHTON:

Q How long did you three wait for the prince?

A About two hours. From about 10:00 to midnight.

Q What did Copp tell you about his business? In other words, what business was he in?

A We really didn't talk about business. We were talking more, he was going to try to climb one of these mountains over there, the Matterhorn or something like that. And, after about 45 minutes, we realized the prince wasn't going to come, so we just, you know, had general conversation.

Q Did you see the prince after that?

A Yes.

SLK-10

Q Did you ask the prince why he didn't show?

A Yes.

Q What did he say?

A He said he got beat up and mugged because he was wearing his robes. He had all the Mullah stuff on, you know, the hat and robe.

Q Did he say who beat him up?

A No. He said he thought it was something to do with me.

Q Why did he think that?

A I don't know.

MR. WOODCOCK: They didn't get his ring?

THE WITNESS: I don't know what they took from him.

MR. WOODCOCK: Wasn't his nickname "The Jewel" because he wore a big ring?

THE WITNESS: Yes, he wore a big ring. He wore a big watch. He had a watch that was worth probably $30-$40,000.

MR. WOODCOCK: Did he still have it after having been mugged?

THE WITNESS: I don't remember. Because I said then, I said, I'm coming home. That's it, fini, complete.

BY MS. NAUGHTON:

Q Did the prince indicate -

A That's when he went to jail in Switzerland.

Q First of all on the beating, did he say how many people beat him up?

A No. He said some people jumped him because he was wearing his robes and they don't like all those Arabs over there.

Q Was this [redacted]?

A Yes.

Q How long after that - and I assume we are in August of 1985?

A August, September.

Q How soon after that was he arrested?

A I think he was arrested the next day.

Q Were you there when he was arrested?

A No. I was at home.

Q You were what?

A I was in my house [redacted] He called me about -

MR. SCHIPPERS: It would have been some time after the 19th of September because [redacted] came back the 19th of September. So, if he heard it at home, it would have been some time shortly after that.

THE WITNESS: He called me about 3:00 o'clock in the morning and he says I have all these policemen in my room. He said, what should I do? I said, do what you want to do.

BY MS. NAUGHTON:

UNCLASSIFIED

TOP SECRET

Q Was he calling from [redacted]

A Yes.

Q So, these were [redacted] police.

A From his hotel room, because I could hear all the police in the background.

Q Did he say why they were coming to get him?

A Yes. Because, I think, they were going to have [redacted] over there, and they were locking every Arab that was in [redacted] up. I think the [redacted] right?

Q Do you know how long he stayed in jail?

A No. He called me, you know, several times at my house.

Q When he called, was he in jail?

A Once or twice. A couple times he was in L.A. and a couple times he was in Philadelphia, and a couple times he was - he would tell my wife when I wasn't there, he would tell her, I'm in - what was that one country - this guy could travel. He was in

And he never said the prince. He would always just say tell him Mohammad called.

Q Did you get a sense of how long he was in jail in [redacted] In other words, when is the first, the soonest that you got a call from him?

A I think about two or three weeks. I'm not sure about it, a month maybe.

Q Did he ever give you a specific reason why he was arrested?

A No. I tried to find out and I could never find out. I tried through all my resources over there.

[redacted]

BY MS. NAUGHTON:

Q Did you ever run these guys' prints through any indices in the United States?

A No.

Q Did you ever run his name through any indices?

A No.

Q Why not?

A He wasn't my guy. He was Ollie's guy.

Q Didn't Ollie ask you to check him out?

A No.

Q He wanted you to figure out if he was for real.

A He never ever asked me to check the guy out.

Q Did it never occur to you to try to do that?

A Yes, sir, we tried.

Q What did you do?

A Well, I didn't do anything - see, if you're in DEA, if you've got an informant, you have to run the guy completely. This is not my informant. This is a guy that is probably a fly-by night, you know, so I think with Miller - the guy showed up. He had a briefcase full of travelers checks.

Q The prince did?

A He had more passports than -

Q Did you ever give the prince -

A I will tell you this. When I met the prince, I said to Ollie, I said, why don't you just get an American passport. Ollie said, I can't do that. I said, why? [redacted] Now, if they find out that we are helping this guy, because he's allegedly a black sheep of the family there, that was that. So I never said anything else.

Q But, do you know whether or not North told Casey about this guy's planned donation to the contras? In other words, did North -

A Do I know, no. I don't know that. I know by inference is about all I know. I don't know. He never said anything in front of Casey and me.

Q Did you meet with Casey at any time?

A Never. I mean, I met Casey, but I - never within that scope.

Q Nothing having to do with Oliver North when you met with Casey? Did it have to do with Oliver North?

A No.

Q When you did meet Mr. Casey, what was that about?

A It was at Hickey's house, at a cocktail party.

Q At Hickey's house?

A Yes.

Q Was that the only time you met Mr. Casey?

A Yes. Because I couldn't understand a word he said because I said to my wife, what is this guy talking about? You should talk to the guy.

MR. SCHIPPERS: If I talked to the guy now, they would put me somewhere.

BY MS. NAUGHTON:

Q When you met him, was it in 1985 or 1986?

A 1985.

Q Do you know from your conversation, what you could make out of it with him, did he know you were working with Colonel North on this project?

A No. He knew I was a friend of Hickey's. That's it.

Q Did you discuss at all with him what you were doing?

A No. We never - no.

Q I want to get back for just one second to the money that the prince was wired [redacted] Do you know how much he received?

A No.

UNCLASSIFIED

SECRET

SLK-16

Q You said you received $15,000.

A I don't know how much he got. I told Agent 2 [redacted] told Ollie. Ollie said - called me and said, don't worry about it. I don't know where the money came from. I know it was American Express. That's all I know.

Q When you got it in what form was it?

A Travelers checks, American Express.

Q Do you know from where it was issued?

A No. I don't have any records. I didn't even - I think I went [redacted] that afternoon, and I was trying to cash some in [redacted] you know, and I wanted to cash them in. I asked Agent [redacted] if he could, you know, cash some in and he couldn't do it.

Q Why not?

A Because the guy in the embassy, this is very - he had bought them maybe two weeks ago, three weeks ago, very low and I wanted to cash in a lot of money, and he said no. I had to go to his bank.

Q For the record, [redacted] [redacted] is that correct?

A Right. He'll remember that.

Q Did you ever give the prince any blank travelers checks?

A Never.

UNCLASSIFIED

TOP SECRET

SLK-17

Q Do you know if any travelers checks that were given to you by Colonel North were ever cashed [redacted]?

A I know now, but not then.

Q Can you tell me how that came about?

A Because when we were in here last -

MR. SCHIPPERS: Not how you know, but how it came that the checks were cashed [redacted]

THE WITNESS: I don't know. It's [redacted] gave them to Morrow.

BY MS. NAUGHTON:

Q This is not a source then that cashed them.

A Oh, no, never. I cashed all mine, either myself or my brother cashed everything.

Q Before we leave the subject of the prince, is there anything else regarding that episode that we haven't asked you, but that we should know about?

MR. SCHIPPERS: Could we go off the record?

(Discussion off the record.)

MR. SCHIPPERS: Is there anything you haven't covered concerning the prince that you think would be relevant or they should know?

THE WITNESS: Yes. I will tell you this. The prince called me from - when he was in jail [redacted] He called me when he was in jail in Philadelphia and he is - this guy has good information. He's a con man, but he knows.

SLK-18

He knows Rafsanjani. He knows people in the Iranian government.

BY MS. NAUGHTON:

Q When he called you from jail in Philadelphia.

A All I was interested in is getting the hostages out. I was not interested in anything else.

Q When he called you from jail in Philadelphia, obviously by that time you knew he was in trouble in the United States.

A I didn't care.

Q But what I'm getting at is, did he then tell you who he really was?

A No.

Q Did he still maintain -

A He called my house. My wife said, this guy Masoudi called or whatever his name was, al Masoudi. She thought his first name was Al.

Q We are back on. Is there something you want to add?

A Yes. This guy knew just about every name that I have ever heard in the Middle East, Rafsanjani, [redacted] He said he was tight with these people. So, I said, all right. This is why I never or DEA, I would say, DEA never really went further, because this was Ollie's informant or Miller's informant. We could have checked this guy out, and

SLK-19 we did a little, you know. We knew he owned a house in California, which was rented. We knew he had two Rolls Royces and a Mercedes out there, which were all rented, and he never paid the bills on them. But -

Q When he called you -

A He was not a DEA informant. He was theirs.

Q I understand that. I'm only interested in what he said to you. When he called you from jail in Philadelphia, did he tell you then that he wasn't a Saudi prince or did he still maintain he was the Saudi prince?

A He said, [redacted] what did they do to me? They got me in here. I said, I can't help you. I told you a long time ago [redacted] put the paper up. If you produce, we will take care of you. You don't produce, then you go to jail.

End SLK

Q Did he tell you what he was in jail for?

A No.

Q Did he ever use the name Z-a-d-e-h, to your knowledge?

A No. I know he had a credit card -- when we were [redacted] and he was trying to cash some travelers checks that I gave him and they wouldn't take them. So I had to go over and cash the things for him. He had some phony credit cards or something.

Q Where was this?

A [redacted]

Q

A

Q What time frame are we talking about?

A August or September, '85.

Q This is before you left Europe, then, so early September?

A Before I left Europe? It would have been the [redacted] I had to pick up his room. I paid for his room. I paid for his telephone calls and this guy was calling Iran, Iraq, Saudi Arabia, Kuwait. [redacted]

Q Was the prince able to get any information on them?

A He provided some good information, but not on that, no.

Q What did he tell you that was good information?

A He said that this guy Rafsanjani -- I can't remember the other guy's name -- were Iranians that they could talk to, and that --

MR. SCHIPPERS: Have you got more?

MS. NAUGHTON: What you have just told us has been in every newspaper in the world.

THE WITNESS: He said maybe I can do this if you can do that for me. And I said, "No, I can't do that for you until you put something out front."

BY MS. NAUGHTON:

Q What did he say he could do?

A He said he could produce one or two hostages.

Q Did he tell you how he could do that?

A No. He said through his religion, his Moslem connections.

Q Okay.

A His Mullahs. He was a mullah and that's what he told me he was.

Q Was he a Shiite?

A No. He was a Moslem.

Q You don't know what sect?

A He wasn't a Druze. He wasn't Christian.

Q But you don't know what sect of the Moslem faith he was?

A I assumed that he was a -- no. I don't know. I don't go into religion with people. I'm a Catholic. You know, I hate all those people.

Q But wasn't it important in order to decipher who held the hostages and who would have control --

A He said the Iranians have control over them and he said, "I know some people."

Q I don't know that there was a question pending, but I think you had an answer pending.

A What was I saying?

Q We were talking about what he could do to spring the hostages.

A He knew a lot of people, so he said. Now, I learned this in London when I first went over there. Then when I went [redacted] -- this guy, I was paying his telephone bills, Iran, Iraq, Saudi Arabia, Kuwait. You know, you're talking 2-, 3-, $400 a call -- not one day, I mean a call. This guy was talking to somebody. I don't know who he was talking to.

Q When is the last time you spoke to him?

A A year ago.

Q Was he at that point doing time?

A In Philadelphia.

Q Or wherever he's been assigned.

MR. SCHIPPERS: Was he in jail already? Was he acquitted?

THE WITNESS: I don't know. I never found out that he was acquitted. I heard that he swindled the Bank of Philadelphia, the Franklyn Bank up there, out of 200,000 bucks. I don't know.

BY MS. NAUGHTON:

Q Were you ever contacted by anybody else in law enforcement about the prince? In other words, it was an FBI case. Were you contacted by the FBI or the U.S. Attorney's office?

A No. Never. I asked Ollie, I said, "You know, you ought to look into this guy's background and have the FBI check this guy out, because I don't feel comfortable with this guy."

MR. WOODCOCK: When you say "Feebs," that's the FBI?

THE WITNESS: Yes.

BY MS. NAUGHTON:

Q When did you tell him that, before he was arrested?

A Oh, yes, when I was overseas.

Q Once the prince was arrested, did Ollie have any comments about that or that case? Do you know if he did anything about it?

A I don't have the slightest idea. I wasn't sitting with him. I was [redacted]

Q I understand that, but over the course of that time, then, from the fall of '85 --

A No. I don't know. I think that he found out that the guy was a jerk.

Q Do you know if he did anything on his behalf in regard to his criminal prosecution?

MR. SCHIPPERS: He being?

MS. NAUGHTON: Colonel North.

THE WITNESS: I doubt it very much. Ollie has a lot of power, but he didn't have that to interfere in a criminal case, no.

BY MS. NAUGHTON:

Q You said --

A He would have asked me or [redacted] to do it.

Q I gather he did not.

A No. Never.

Q Were you ever contacted by either the U.S. Attorney's office or the FBI in the case?

A I was not.

Q Was Colonel North, to your knowledge?

MR. SCHIPPERS: Do you know if he was?

THE WITNESS: No. [redacted] was.

BY MS. NAUGHTON:

Q [redacted] was?

A Yes.

Q By whom was he contacted?

A Some FBI guys [redacted]

Q Wait. I'm talking specifically about the prince case now. We will talk about [redacted] later.

A [redacted] met the prince once [redacted]

Q What I'm getting at is, did the prince to your knowledge tell the FBI in order to get himself out of trouble that he was working for you guys?

A Never.

Q So he never gave up your relationship, in other words, as far as you know, to the prosector or the FBI?

A As far as I know. I'm sure that the kind of guy he is, he would do anything he could.

Q You never heard from them.

A He would say he was working for Ronald Reagan direct.

MR. WOODCOCK: [redacted] I want to ask you a couple of questions based on some notes that appear in notebooks we have received from Lieutenant Colonel North and see if you can shed some light on them.

BY MR. WOODCOCK:

Q The first one is dated October 31, '85, and it's headed "A Call from [redacted]" and then it's got a reference to your name and then it says, "Why did Miller call [redacted] Jewel says "nothing pending." Does the FBI want this guy.?

A The jewel is the prince.

Q Right. Do you know what's happening at that point?

A No.

Q Let me go down a few days later. Go ahead.

A It's pretty obvious that I must have said something to Ollie that there's something, there's a little scam going on here, and I didn't feel comfortable. Because I was still overseas then, right? Is this October?

Q This is October 31.

A I came back in November and I said I don't think this is kosher.

Q [redacted] you have had an opportunity to review some of your notes with counsel. Do you think you can place this North note in more context? Where do you think you were on October 31, '85?

A [redacted]

Q What was happening [redacted] on October 31?

A I had been there almost -- how many days?

MR. SCHIPPERS: Go ahead and answer.

THE WITNESS: I had gone on this trip starting August 25, thereabouts, not exactly. The prince or the jewel, whatever you want to call him, had got another guy from [redacted] to come over and to go into Lebanon [redacted] He could fly in and fly out. I said I didn't trust the guy. The guy from [redacted] went over there. I gave him maybe 3500 bucks.

MR. SCHIPPERS: [redacted]

THE WITNESS: He got [redacted] and the jewel was supposed to give him more money to go into -- the jewel gave him nothing.

BY MR. WOODCOCK:

Q In other words, nothing?

A He just said you go in and come back; I'll give you the money.

Q Let me do this. I'm going to read you a second note that North entered on November 4 and this may put this in a little more context. I'll ask you to comment on it.

This is headed "A Meeting with [redacted] Here it starts out, "Jewel insists that deal will still go through." What deal are we talking about?

A The hostages.

Q The deal for the hostages?

A Yes.

Q What are the particular terms of the deal?

A He said he could get two.

Q What did he have to do to get two?

A He said he could do it.

Q Just by asking?

A Yes.

Q So there was nothing coming from the United States that was going to release some hostages?

A Never with the jewel, never. He never asked for anything.

Q There's a reference here dealing with Dr. Rocco, R-o-c-c-o. Who was Dr. Rocco, do you know? Does that name mean anything to you?

A Yes.

Q What does it mean to you?

A He was a jerk [redacted] who the jewel introduced me to and I said as soon as I saw this guy, I said okay.

Q He's a contact of the prince?

A Yes. He's a [redacted] businessman but he's a fast paper guy.

Q What was he supposed to be able to do?

A He was going to move some paper for the prince.

Q Meaning money?

A No.

UNCLASSIFIED

Q Meaning what?

A I don't think these guy had any money.

Q What paper was going to be moved?

A Letters of credit, phoney letters of credit.

Q Now, there's another entry that says, [redacted] show nothing," and under that, "No FBI warrants." Do you know what's happening there?

A Yes. That's when I asked Ollie, "Check the guy out further." Because DEA had nothing on this guy. Our computer didn't show anything.

MS. NAUGHTON: When you say "this guy," who are we talking about?

THE WITNESS: Masoudi, the jewel.

BY MR. WOODCOCK:

Q There's a reference capital "J" which I take to be an abbreviation for Jewel, says he paid 250K to a bank. Do you remember him telling you about that kind of money?

A Never.

Q Then there's another reference, says that Miller is benefiting. Do you know what's happening there?

A I don't know nothing about that. I didn't like Miller when I first met him, and I still, I wouldn't trust the guy as far as I could throw him.

Q This appears to be a change of subject. There's an entry that says, [redacted] going back [redacted]. Is [redacted] in motion at this point?

A Yes. [redacted] was always in motion.

Q [redacted] is totally separate from the prince; is that correct?

A Exactly.

MS. NAUGHTON: Can we identify [redacted] with a source number?

THE WITNESS: Number one.

MR. SCHIPPERS: Did we assign a number to --

THE WITNESS: [redacted] No. 1, [redacted] No. 2.

MR. SCHIPPERS: Not in this deposition. There were other numbers. Did we establish a number for [redacted]

MR. WOODCOCK: We haven't.

THE WITNESS: Number two.

MR. SCHIPPERS: No. We have used two. Let's use No. 5 just to make sure.

MR. WOODCOCK: Let's make sure on the fellow from [redacted] he referred to him as [redacted] is that correct?

THE WITNESS: That's No. 5.

BY MR. WOODCOCK:

Q Correct. And his name in fact begins with [redacted] Is that correct?

A His first name?

Q First or last.

A One of his names, yes.

Q You also identified him as being [redacted] is that correct?

[redacted]

BY MR. WOODCOCK:

Q Let me continue down this note. This contains also a reference to source No. 5. It says, "Source No. 5 says that 2 million could be enough." What's happening there?

A Could be enough.

Q What's happening? Has he got something, too? It says, "No. 5 says that 2 million could be enough."

UNCLASSIFIED

~~TOP SECRET~~

A Yes.

Q What's happening there?

A When is this?

Q This is November 4, '85.

A We had to -- we had already put a lot of money into this, sent seed money over there. And he said that for relocation of families, for relocation of his own people, 2 million may not be enough. But I said, "Hey, we can't do it."

MR. SCHIPPERS: May not be enough? The note says, "2 million may be enough."

THE WITNESS: Dave, you can't say that --

MR. SCHIPPERS: Answer the question.

MR. WOODCOCK: Wait a minute. I'm not so concerned about whether it's 2 million is enough or not enough. What I'm more concerned about is what 2 million represents. You're testifying that 2 million represents money that would be used to relocate persons who are helping to rescue the hostages; is that correct?

THE WITNESS: In bribes to certain [redacted] [redacted] people.

BY MR. WOODCOCK:

Q So it's a combination; is that correct?

A And buy a boat.

Q Purchase a boat or rent a boat.

UNCLASSIFIED

A You've got to buy one because they are going to sink the thing.

Q Why don't you explain that to me. What kind of boat is being purchased here?

A We would have, if we could do it, we would get a small boat. We could have one for I think about $40,000.

Q What kind of a boat is it?

A A fishing boat because the Israelis are over there and the Israelis will sink anything that looks like a pleasure craft or anything like that. So they had to get an old fishing boat.

[redacted]

UNCLASSIFIED

Page 36

Denied in
total

UNCLASSIFIED

[redacted]

MR. SCHIPPERS: Who was directing source No. 5 and all of his activities?

THE WITNESS: Me[redacted]

UNCLASSIFIED

PAGES 38 AND 39

DENIED IN TOTAL

UNCLASSIFIED

[redacted]

Q And then down here at the end of the note it says owe [redacted] and it has a little tabulation, 13.5, under that, 2.4, with a line, and then it says, with a dollar sign, $15.9 thousand K. Are those the expenses that have been run up over your about 60-day period [redacted]?

A You have to add it up. I don't know. Does that come to 166?

Q The note only comes up to 59.

A It's mine and [redacted] And I still owe the guy [redacted] money.

Q No. 5? And those are expenses you incurred from August 28 until you returned to the United States in early November?

A Yes.

MS. NAUGHTON: Excuse me. The money you were using to pay the guy [redacted] source 5, were you getting that from Colonel North?

THE WITNESS: Not until we came back. I got the

15,000 in travelers checks from the prince.

MR. SCHIPPERS: Is your question, did the money he paid the source No. 5 come out of North's money or out of DEA?

MS. NAUGHTON: That's correct.

THE WITNESS: North, never DEA.

BY MR. WOODCOCK:

Q What happened to this rescue effort involving No. 5?

A What do you want me to go into a narrative or what?

Q Let me ask you this. The rescue attempt of No. 5 did not succeed, correct?

A This is not '85. '86.

Q The rescue effort with No. 5 did not succeed, correct?

A No. Nothing succeeded.

Q When was it completely terminated, the No. 5 effort?

A I think about August or September, '86.

Q Of 1986.

A Whenever Ollie got in trouble. The thing was over, but we were still working together. [redacted] [redacted]

Q So the No. 5 effort that's discussed in this note --

[redacted]

Q So as far as your involvement and No. 5 is concerned, that terminated when this thing became exposed

[redacted]

Q Let me ask you another question. I want you to shift forward from August, '85, to August, '86. Do you know or did you ever meet [redacted] Amiram Nir?

A Never.

Q Do you know who he is?

A Yes.

Q Do you associate him in any way with the prince?

A Never.

Q Let me read something to you and see if you have any information on it. This is a note dated August 27, '86.

A I remember the day well.

Q August 27, 1986? How do you remember that?

A Because I had my back -- I had been digging a hole in my yard. My foot slipped off the shovel and I threw my back out, and I went to the [redacted] Hospital. [redacted] called me at the hospital and said, "Come on down. You've got to come." I said, "I can't even walk " He said, "Well, can you drive?" So I drove down there.

Q What happened when you got down there?

A Him and some people went into Ollie's office. I sat out on Pennsylvania Avenue right in front of the EOB.

Q What happened?

A I don't know.

Q Did [redacted] want you down there to sit outside the office?

A [redacted] likes drivers, you know. I'm not a boss or anything.

Q Who else went in to the meeting?

A [redacted] is one of my best friends. I would drive him, you know, any place. I picked my lawyer up, you know.

end 1A

emm

Q Who else was in the meeting? Do you know?

A No. I heard, but I don't know.

Q What did you hear?

A I heard they met some Irish guy. That is what I heard.

Q Do you remember his name?

A I think it is the guy you are talking about, but he wasn't under that name.

Q I need the name.

A I don't remember the name, but [redacted] said the guy walked in and he had one eye that just stared straight and he was with [redacted] was, and source number one. Is this the meeting?

Q This is something else. Let me run this by you and see if it means anything to you. This is a note from Nir, and it says, "Call from Nir, principals in Paris/Geneva, freed, now trying to make deal with us."

Do you know of anything going on with the principals at this time?

A No.

Q There is also a reference --

A Oh, yes. I do. When we provided the principals with some documents I kind of fibbed to [redacted] or let's call it I fibbed to the source country. I said that he -- this is his idea -- he said, "Look it. If we want to get the hostages out, I will provide a boat load of medicine, penicillin," you know, all that stuff, medicine, bandages, stuff and that would be an offer on my part, an offer, and I can say, "Look, we are trying to help you. Now you help me."

So that was when that was.

Q Now keep in mind this is August 27, 1986 when you put your back out. Is this the period you are talking about?

A No, no, no.

Q So --

A What did I say?

Q This is August 27, 1986, the note that I am reading to you. This is a note attributed to a call from [redacted] Nir.
Amiram

A I never met Nir, never had anything to do with the guy.

Q Let me just go over this again with you. The note reads, "Principals in Paris/ Geneva. Freed, now trying to make a deal with us." Now, does that mean anything to you in that time period?

A No. Although I think the principals was in jail in Philadelphia then. But I would say --

Q You are here to enlighten us.

A This guy could do more from a jail cell if he could

UNCLASSIFIED SECRET

get a telephone. I never had nothing to do with that.

Q There is another entry that says, "Trying to make principals put up performance bond." Does that mean anything to you?

A No. I think that was either Miller or Ollie, because I think Miller was scared to death. I think I told you I never trusted Miller.

BY MS. NAUGHTON:

Q I am sorry we have to skip around here chronologically, but we need to go back to the early summer of '85. There came a time where your plans got advanced enough that North said he could provide you the $200,000 that was needed in order to -- for the payment of bribe and so forth.

A Right.

Q I gather there came a time where somebody was to actually physically bring the money down eventually for your brother to take [redacted] Can you tell us how that came about, how you got called down by North and so forth?

A I can tell you that. I got a call. I was -- it was a Friday afternoon.

Q What month are we talking about?

A May.

MR. SCHIPPERS: Are you talking about when he

UNCLASSIFIED SECRET

got the money or when North first got it?

THE WITNESS: May. This is the late or later part of May.

MR. SCHIPPERS: Is that what you want to know when they first delivered the money?

MS. NAUGHTON: Right.

MR. SCHIPPERS: Sorry. I was mistaken.

BY MS. NAUGHTON:

Q All right. You got a call.

A Fawn called me at home. I was working nights because we have the 24-hour duty, and said, "Can I come down there around 6:00 or 7 o'clock because Ollie has got something?" So I said sure. So I went down there, and we sat around there until almost the next morning, 2 o'clock.

Finally this guy showed up.

Q Was this Jay Coburn?

A Yes.

Q Did you know at that point who he worked for?

A No.

Q When did you find out who he worked for?

A I can honestly say I still don't know who he worked for. I just, you know, I am not dumb, you know. I figured out who he worked for, but I did not know at that time. The only way I knew his name was even Coburn, because Ollie never said his last name. He said, "This is

Jay, this is [redacted]" He never even said I was a DEA agent. He said, you know, this is Jay.

Q How did you know his name then?

A Because he had his name on his brief case.

Q Did you later figure out or discover that he worked for H. Ross Perot?

A No, only through -- is this relevant?

MR. SCHIPPERS: Answer the question, [redacted] please.

THE WITNESS: Yes.

MR. SCHIPPERS: How did you find out?

THE WITNESS: I read that book, Where Eagles Dare, and I found out Jay Coburn was one of Perot's guys.

BY MS. NAUGHTON:

Q Did you ever believe he didn't work for Perot, but worked for the Intelligence Agency?

A CIA, yes. I thought that. But, you know, working with Ollie was working with a lot of different people, and it wasn't easy to figure out where these people came from.

Q When Coburn finally showed up that night, late Friday night or early Saturday morning at Colonel North's office, did it appear that they knew each other from before?

A Yes. Oh, yes.

Q Could you tell us what they talked about?

A No. I can only say what I talked about. I can say that after him dropping the brief case this guy, Coburn, said or Jay said, "Do you know anybody [redacted]?" I said, "You know, we have got three offices over there. May be able to help you out." He said, "Some of my friends that help me in Iran are now in refugee camps [redacted] Can you help us get one or two of them out, especially one." Some little kid. I didn't know what his name was.

I said, "Well, check with me later." I said, "I can't do it at 2 o'clock Saturday morning, you know. We will see what we can do."

Q Did you indeed help him with that?

A No. He never got back to me.

Q How did he know you were DEA?

A I don't think he knew I was DEA. I think he knew through Ollie. I don't know.

Q Did he have a suitcase as well as the brief case?

A No. Brief case.

Q Was anything --

A Ollie had to go down and get him from the guards and bring him up. I couldn't go down because I had a gun and once you go through the metal detector, you know --

Q Did you see inside his brief case?

A No.

Q So while he was with Ollie he never opened it up in your presence?

A Oh, yes.

Q He did?

A He took the money out and put it in Ollie's brief case.

Q Okay. Was there anything else in Jay's brief case?

A Not that I know of.

Q What did he say when he gave him the money? How did that go to the best of your recollection?

A There were four manilla envelopes. He said, "Here." Then we chatted and that was that.

Q Were the envelopes sealed?

A Yes.

Q Did they have any writing on them?

A Nothing.

Q They were plain?

A The same ones that I took over or my brother took over.

Q Did Ollie sign any kind of receipt? Was there any paper exchanged?

A No, never.

Q Was there a discussion of what the money would be used for?

A No.

Q Did North make any comments to Jay like the President really appreciates this or you will be getting a letter of congratulations or anything to that effect?

A Not that I can say. I am sure he said thanks a lot, but I don't know what else. I don't remember.

Q How long was Jay Coburn there?

A About 45 minutes.

Q What else happened other than exchanging some money?

A We talked about this [redacted] thing, and we joked about how long it took him to get the money from Baltimore up there because it took him almost six hours because his guards, you know -- I don't think $200,000 is a lot of money, but his guards could not cross the D.C. border.

MR. WOODCOCK: That will be reassuring to your lawyer.

MR. SCHIPPERS: Glad to hear that.

THE WITNESS: I was sitting there. Ollie and I talked about -- you want to hear what we talked about?

MS. NAUGHTON: Oh, yes. I am fascinated.

THE WITNESS: When he was out at Quantico, he was big brother to some black guy. The black guy was nice and he was this and that, and all of a sudden the black guy went out and raped some broad, and you know, we talked. Ollie and I were very tight.

BY MS. NAUGHTON:

Q Who is this? Ollie tells you this?

A Yes. Ollie and I talked all the time. We didn't talk all the time about this stuff, you know. I mean I considered Ollie a very good friend of mine. But with Coburn it was just general conversation. This was in Ollie's office, and I think it was the third floor, 305. He had the Nicaraguan posters and all of that stuff, and we always joked about it. When are you going down south again. Who cares.

Q Did Ollie ever mention to you a plan to use any of this money from Coburn or Perot for the contras?

A No, never. It was always hostages. All he wanted was to get these people out. And he said that it was of utmost importance that we get some of these people out.

Q Did he say why?

A Not at the beginning. Well, the beginning was Buckley [redacted]. Hickey told me that. After I think the first oil transaction, the drilling parts and everything, I knew all about that, and I said, "Ollie, if you had given me and [redacted] what you are giving to them people, we could have done this thing six months ago.

Q You are talking about the missiles.

A Well, he said it was oil stuff.

Q That was in November --

A He would never say that he had ever sent-- to me. He would smile, but he would never admit it.

Q Was this in November of 1985 when you had these conversations or are you talking about after?

A When I was [redacted] Because I saw it on [redacted] TV and my [redacted] is not that good, but I could -- there was a plane that landed and took off, and I scoped a little out.

Q In November '85?

A I called him right then. I called him that day.

Q In November of '85?

A Yes.

Q Did you ask him about it?

A I said what about this plane that landed in Iran? He says, "It is just oil stuff, you know." And the next day the guy got out.

MR. WOODCOCK: What was it about the next -- about it that caused you to connect it with North?

THE WITNESS: Anything that happened over there I connected it with North.

MR. WOODCOCK: You heard that a plane landed and took off in Tehran and you associated it with North?

THE WITNESS: Yes, an American plane.

MS. NAUGHTON: Did you ask him about it later?

THE WITNESS: Yes. He would never say. He would give a little twinkle in his eye or something, but he would never say anything. He said that is just stuff.

BY MS. NAUGHTON:

Q He always maintained to you it was oil drilling equipment?

A Well I can tell you this. The last time I met him he said when Poindexter tells me the old man wants something, I will do anything. That is what he said.

Q Was he referring to the President when he mentioned that?

A I don't know.

Q Well, he also referred to Casey as the old man occasionally.

A Yes. I don't know whether it was Casey or the President. Casey was still alive then.

Q We have been jumping around a little bit. When is the last time you talked to North where he made this comment?

A The latter part of November of '86. I saw him after, but we never talked about it.

Q And when you did talk about this, did you ask him what was going on in terms of the missiles and stuff?

A No. I said, "Ollie, what are you crazy?

Q Why? Why was that crazy?

A I said, "If I knew you had this kind of pull, we could have done this thing six months ago and we would have been out of here in '85."

Q Did you have sources who said that they could get the hostages released if they received weapons from the United States?

A Yes.

Q Which source or sources?

A Source one and two. Or source one and five.

Q What did they tell you?

A I have to digress a little here. When we first started in January, we went to source number one, the guy from [redacted] and as soon as he got there was hit upon by high ranking -- I think his name was [redacted] I think he is [redacted] or something or another. And [redacted] said, "We don't want money. We want guns. We want munition. We want armor." He said, "Well, I can't do that," because we were under the guise of -- we were under cover, so to speak, you know, [redacted] and everybody over there are very, you know -- they are very comfortable with us.

They knew what we were, but they were comfortable with [redacted]

MR. WOODCOCK: This is [redacted]?

THE WITNESS: No. We just made this up. We weren't, you know. [redacted]

MR. WOODCOCK: Let me understand this. Early on you are using [redacted] as a screen, but without the active knowledge of [redacted]. Is that correct?

THE WITNESS: Exactly, yes. Well, I don't know we said [redacted] but we said [redacted] So...

MS. NAUGHTON: So [redacted] asked for weapons.

THE WITNESS: He wanted, and our guy said, "Hey, look it. I will get you money. I can't get you no guns. I can't get you any weapons, tanks, airplanes, helicopters. I can't give you anything, but give you money. You can go buy them. Buy them in Yugoslavia, Bulgaria, Czechoslavakia."

BY MS. NAUGHTON:

Q Did you ever take that proposition back to Ollie?

A Yes.

Q And what did he say when you said [redacted] wanted weapons?

A He said we can't do it.

Q Was this in 1985?

A Yes. This is the first -- this was in maybe March or April, February or March of '85, the first trip we took.

Q Did the subject ever come up again after the spring of '85?

A No, because I think we had told the source that forget it, you know. It has got to be a bribe situation, not a ransom, but a bribe situation. And we can't -- we are not going to provide any weapons. I think even before source number five started working for me, I said, "Hey, look. If they ask you for guns or anything, forget it." He used to take leather jackets, you know, these bombadier jackets because it gets cold up in the mountains. He used to take them to these people.

Q Did five say that they wanted weapons? Did he come back and say they would deal for weapons?

A Never. Well, he never told me that directly.

Q Did you ever bring that subject up with North?

A Never, no. Well --

Q That five could deal for weapons for the hostages?

A Never, no.

Q When --

A We talked about [redacted] coming to meet North and he is going to want something. Now what he is going to ask you, I don't know. And then the whole thing blew up.

Q Who was going to come meet North?

A [redacted]

MR. GENZMAN: What is the date, general time frame?

THE WITNESS: I would say September, October.

MR. GENZMAN: Eighty-five?

THE WITNESS: Eighty-six. [redacted]

MR. GENZMAN: Have you ever met [redacted]

THE WITNESS: Yes.

MR. GENZMAN: What occasion?

THE WITNESS: I met him [redacted]

MR. GENZMAN: [redacted] When?

THE WITNESS: Eight-six, June/July '86.

BY MR. GENZMAN:

Q What did you [redacted] talk about?

A I didn't talk to him.

Q Who was there? One of your sources? Was it source five?

A Source five, yes. [redacted]

[redacted]

Q You had no discussion [redacted] Were you present when source five spoke with [redacted]

A Yes.

Q What did they talk about?

A I don't know. [redacted]

[redacted]

But, again, you know, other than saying hello and having a drink with him, I didn't do anything.

Q Had no substantive discussion.

A After November something or other last year, I have never talked about this whole thing except to you people and to the Walsh committee, never. My wife doesn't even know.

BY MS. NAUGHTON:

Q When you talked to Colonel North then in late November about when you found out about the missiles and so forth, what was his response when you said, "Hey, if I had known you were selling missiles--"

A He never gave me-- that is one other thing. Ollie always said -- sometimes we would have some other things going and Ollie would say, "Look it, can you hold back because we have got some other things." [redacted]

Q You thought the other things Ollie had going were other similar actions.

A They were always to get the hostages out.

Q Did you have any inkling he was selling missiles?

A Never.

Q Once you learned of that when the public news came out, did you ever discuss with Ollie or [redacted] the irony or that you perhaps are working at cross-purposes?

A Yes.

Q You were trying to bribe these people with money at the same time they were trying to get weapons from North. Did you discuss perhaps that was counterproductive?

A [redacted] and I talked about it. I said, "If we have the resources these people have, we would have got this thing over six months ago.

MS. NAUGHTON: If we could break now.

MR. GENZMAN: Could I ask one follow-up question before we break? We just talked about cross-purposes. Could you explain a bit further what you mean?

THE WITNESS: I didn't ask about them.

MR. GENZMAN: You just responded to a question about cross-purposes and I am not sure I understand what the irony is.

THE WITNESS: [redacted] and I always talked. We said if we had the resources that this government has, we

UNCLASSIFIED

could have got this thing over.

MR. GENZMAN: Would that be by providing weapons to [redacted]

THE WITNESS: I wouldn't say weapons, no. I would say provide money and then given them the right connections to buy the weapons.

MR. GENZMAN: But it is your understanding that Colonel North activities were not to provide weapons to [redacted] but we are to provide weapons to the Iranians. Is that correct?

THE WITNESS: Never. I don't know that Ollie ever dealt with the Iranians until I read it in the newspaper.

MR. GENZMAN: That was after November of '86?

THE WITNESS: Whenever it was. Whenever that day was, newspaper got out.

MR. GENZMAN: Early November of 1986.

THE WITNESS: Thank you.

end 1b

(Recess.)

UNCLASSIFIED

TOP SECRET

#2
emm-1

MR. SCHIPPERS: Before we proceed, may I make a statement for the record?

MS. NAUGHTON: Of course.

MR. SCHIPPERS: To put the testimony we are getting today in the proper frame of reference, I should mention last evening [redacted] picked me up at the airport and an accident occurred in connection with his radiator, which, as a consequence, his right arm has been scalded almost up to the shoulder, and he suffered some injuries. As a consequence, he was unable to sleep all last night and he is not under any medication but he had no sleep whatever last night. So if some of his answers tend to ramble a little bit, that's the reason. Thank you.

MS. NAUGHTON: For the record, I should also say we may ask for supplemental information which Mr. Schippers has agreed to provide.

MR. SCHIPPERS: There will be no problem with that.

BY MS. NAUGHTON:

Q If we can get back now to the Jay Coburn payment of $200,000, what happened subsequently? Can you explain to us why you were there at all to wait for Mr. Coburn when all that really happened was Coburn gave money to North and North put it in the safe?

A It was explained to me that any large amounts of money, unappropriated money, we were not to have our hands

UNCLASSIFIED

on. He just wanted me there. He didn't say anything.

Q There was no reason given for you why you were there?

A Well, prior to this we had given Ollie a little diagram how we were going to go, where the money was going to go. [redacted] wasn't there, so he called me.

end emm
#1
1C

Q Did you tell Ollie where the money was going to go?

A [redacted] to this [redacted]

[redacted] But it would not go from us directly.

Q You stated that it was your understanding that you were not to handle the money directly.

A Yes.

Q I think you used the term "unappropriated funds"?

A Right.

Q Where did you get that idea?

A From [redacted]

Q

A

UNCLASSIFIED

11:00 a.m.

Dinkel

CAS-1

Q And where did he say he had heard that or been told that?

A I assume -- I cannot say where he said. I can only assume it would be from Lawn, or somebody else. I don't know.

Q When [redacted] told you not to handle the money personally --

A He never told me not to handle the money har personally. Don't get me wrong there.

Q Okay. What did [redacted] tell you?

A He said we can't do this. You got to get somebody. So Ollie said who is going to handle it? You want to get a guy? You want me to get a guy? I said if I have to work with the guy, I will get a guy.

Q Did [redacted] tell Ollie why you couldn't do this?

A No. I think Ollie told [redacted] or [redacted] had already been told by somebody, some -- you know, up above.

Q This is kind of important. Was it North that said you can't -- I have been told you can't handle non-appropriated funds?

A Yes. Yes.

Q Did North say he had been told that by the Attorney General?

A I don't think he said that, in words to me. I --

(Witness conferring with counsel.)

CAS-2

MR. SCHIPPERS. Why don't you ask him -- if I may make a suggestion -- ask him what North told him about his conversation with the Attorney General?

MS. NAUGHTON: Okay.

THE WITNESS: He said he talked to the A.G. at his house. He said the A.G. got to run it by Webster.

BY MS. NAUGHTON:

Q The A.G. what?

A Had to run it by Webster, Webster would run it by Lawn and there were no problems. But we can't touch it. But I don't know this.

MR. SCHIPPERS. [redacted]

MS. NAUGHTON: I understand.

MR. SCHIPPERS. Did you get the whole conversation?

MS. NAUGHTON: We will do it step-by-step.

MR. SCHIPPERS. All right.

BY MS. NAUGHTON:

Q First of all --

MR. SCHIPPERS: Listen to the question.

BY MS. NAUGHTON:

Q First of all, when did North tell you that?

A I would say early April.

Q Okay.

MR. SCHIPPERS. We can get a better date.

THE WITNESS: Two weeks before we got the money.

CAS-3 Right around the same time we got the money, that Coburn came. June, April? May.

BY MS. NAUGHTON:

Q You told us Coburn dropped off the money late May?

A I can tell you the exact date.

MR. SCHIPPERS: We will get you some dates. Just a second. Just a minute, [redacted]

THE WITNESS: You know, I hate to ask.

MR. SCHIPPERS: [redacted] right here.

THE WITNESS: I think the 24th of May.

MR. SCHIPPERS: Early June is the best we can come up with. Early June 1985.

MS. NAUGHTON: Is that for Mr. Coburn's delivery?

THE WITNESS: Conversation with North.

MR. SCHIPPERS: After the delivery, but before they take the money. Some time in early June.

BY MS. NAUGHTON:

Q Okay. Colonel North told you that he had -- did he tell you he had briefed the Attorney General on how the plan was going to operate?

A Ollie never talked about that. Ollie said, hey, look it, I am going to talk to Meese, Webster, this guy. Maybe he said I will talk to the President. Ollie was like that. He usually was a very name dropper.

Q Yes. But what you told us before -- correct me if I am wrong -- is that North said he had talked to the A.G. at his house.

A He was going to.

Q Okay. But then when did you get the information from North that you shouldn't handle the funds directly? Was that after he had spoken --

A I got that from [redacted]

MR. SCHIPPERS: Let me have a second.

(Discussion off the record.)

MR. SCHIPPERS: If I might make a suggestion, pass this for now. Either pass it for now or start all over.

THE WITNESS: You are talking about a year-and-a-half ago. I am trying to recollect what somebody said to me. You know, at that time it meant nothing to me.

BY MS. NAUGHTON:

Q I am not as concerned with what it might have meant to you, what you felt about it, whatever. What I am interested in is what people told you. I want to start with Colonel North.

A All right.

Q Did he tell you at some point that he had spoken to the Attorney General about this?

A Yes.

Q Did he tell you that he had briefed the Attorney General or told him about the plans? To use the -- the

~AS-5

private monies --

A No.

Q What did he tell you he told the Attorney General?

A He said he had spoken to McFarlane. McFarlane okayed everything and said you talk to the Attorney General.

Q Okay.

A Or he talked to Meese. I don't think they said Attorney General.

MR. SCHIPPERS: Go ahead. Then what?

BY MS. NAUGHTON:

Q Did Ollie tell you he talked to Meese?

A Yes.

Q What did he tell you he told Meese?

A He said Meese would clear it with Webster and, you know, he didn't see any problems. This was just for us, me, and -- or myself and [redacted] to work with. Because at that time DEA was questioning our association.

Q Okay. I understand that part. What I am asking about now is the actual plan that you had with source one and the 200,000 to be paid and so forth and so on. Okay?

Did North tell you he briefed the Attorney General about that? Now, this would have been early June?

A With our first plan, yes.

Q And did he tell you that the Attorney General had any comments or advice -- wait for the question -- on

CAS-6

whether or not unappropriated or private monies could be used to pay these bribes?

A Never.

MR. SCHIPPERS: May I make a suggestion? I think you have to clarify if you would ask him specifically how he found out about it? From who and how he found out about not using the appropriated funds or not touching appropriated funds.

MS. NAUGHTON: I will. But I want to stick with what North said.

BY MS. NAUGHTON:

Q When North told you he briefed the Attorney General on the plan, that is the $200,000 plan, what did he tell you that the A.G. said about it?

A To the best I can say, he said that Meese would talk to Webster and Webster would okay it.

Q Did you ever understand why Webster had to be involved in it?

A He is in charge of the DEA.

MR. SCHIPPERS: Speak up just a little.

THE WITNESS: Jack Lawn is in charge of DEA. But he is -- he still has to report to the FBI.

MS. NAUGHTON: All right.

MR. GENZMAN: Let me interject. You said North said the Attorney General would -- said he would clear it with Webster. What was the "it"?

THE WITNESS: Sc[redacted] and I could work this thing.

MR. GENZMAN: Can you be more specific?

THE WITNESS: [redacted] and I could work with Colonel North.

MR. GENZMAN: Thank you.

BY MS. NAUGHTON:

Q Now, when you were told that you could not personally handle unappropriated funds, that someone else should do that, who told you that?

A Ollie.

Q And did he tell you why?

A No.

Q Did he tell you where he had gotten that idea?

A No. He didn't.

Q Did he tell you this after he briefed the Attorney General?

A I don't know --

MR. SCHIPPERS: Time out.

(Discussion off the record.)

THE WITNESS: It was after.

BY MS. NAUGHTON:

Q And when Colonel North told you that you would have to have another guy, because you couldn't handle the funds, what did he say about that issue?

CAS-8

A He said do you want to get a guy or can I pick my own guy?

Q But did he tell you why you needed another guy? Why you couldn't do it?

(Witness shakes head.)

MR. SCHIPPERS: Out loud.

BY MS. NAUGHTON:

Q Is that a no?

A No.

Q Okay.

A [redacted] told me that.

Q Did [redacted] tell you that before this conversation?

A [redacted] said you either get your brother or I will get another guy.

Q When [redacted] told you you needed another guy, did he tell you why?

A Yes.

Q What did [redacted] tell you?

A Said because this is a large sum of unappropriated monies. I don't think he said it in those words, but he said we can't touch this money.

Q Did [redacted] tell you where he got that idea?

A Fran Lawn. Jack Lawn. Our administrator--

Q Did he say that Lawn had consulted anybody else on that issue?

CAS-9

A I don't know. I don't question [redacted]

Q I am not asking if you questioned him. I am asking you if he told you that Lawn had not talked to anybody else.

A No, he did not. No.

Q So would I be correct in saying that your sense of not being able to handle the private monies came from both [redacted] and Colonel North?

A Yes. More from [redacted] than from Colonel North.

Q Did Colonel North tell you that he had put this plan down on paper and sent it up the line for approval?

A Never.

Q Have you ever seen -- during that time or since -- any memoranda that Colonel North prepared in describing your plan?

A No. We gave him a one time. We gave him a schematic [redacted] involving a lot of sensitive names. I don't know what he did with it. I don't know where it went.

Q Did he destroy it in your presence?

A No.

Q So he kept it as far as you know?

A As far as I know.

Q Just for the record, did you prepare any reports on your activities to be sent to Mr. Lawn?

CAS-10

A Never.

Q Did you prepare --

A Well, wait a minute. There was -- the first three months, I gave Abraham Azzam some briefings. Because this guy didn't know what he was going anyway. He had a piece of paper in front of him. So, you know, but it was all what do you call it? Fluff. It was all --

MR. SCHIPPERS: Fluff is better than any other word.

THE WITNESS: Everything was moving along the way it was supposed to.

BY MS. NAUGHTON:

Q Were these all oral reports?

A No. This was in writing. You should have them from Azzam. Did you talk to A~~ss~~zzam?

Q Yes. We don't have reports from you.

Did you keep copies of these reports?

A No. This is only the first three months, January, February, March. Not even January, really. February and March.

Q Were these typewritten reports as opposed to handwritten reports?

A Typewritten. Not by me, but one of the secretaries typed them.

Q Did you ever prepare any written reports, either handwritten or typed for Colonel North?

A Never.

Q Did you ever submit vouchers or claims or receipts to Colonel North for your expenses?

A Well, you would have to, you know, go into that at length. I would sometimes give him a little piece of paper, say this and that.

MR. SCHIPPERS: Let me interrupt for a second. [redacted] you have to speak up. He is having a hell of a time picking you up.

THE WITNESS: I would sometimes take a little piece of paper and I would say, hey, this is telephone calls, this is laundry, this is the bill. He would take them.

BY MS. NAUGHTON:

Q Would these be --

A Not every time. Sometimes I would call him up and say, hey, it is about six to eight hundred. He never had a problem. He never paid us on time.

Q Why not?

A He would give it to us if he had it, but he didn't always have it. Sometimes, I mean, we waited three, four months.

Q Did he tell you why he didn't have it?

A This is a very --

MR. SCHIPPERS: Answer the question.

THE WITNESS: No.

BY ~~MS.~~ NAUGHTON:

Q He never told you why he didn't have it?

A He would say "I ain't got it."

Q Was it your understanding these were private monies or Government monies? Just --

A I thought it was CIA money.

Q Monies just for your expenses. I am not talking about --

A I always thought it was from Dewey or Clair George or somebody like that.

Q Why did you think then that North couldn't get it? Or was -- why he had to be late with the payments?

A I really can't answer that. I don't know. That is the way he was. He is that type of person. He trusts you. I trusted him. He always -- sooner or later, he always paid. Or came up with our expenses. I mean, you know, if I went back --

MR. SCHIPPERS: Okay. You answered the question.

BY MS. NAUGHTON:

Q Does he owe you any more? Were you out any money by the time it was all over?

A I would say yes, sure.

Q Can you give us an estimate?

CAS-13

A No.

Q A hundred dollars? A thousand dollars?

A I would say about six, $7,000.

Q If you thought it was Government money, why is it that you thought you didn't have to submit receipts and vouchers and claim forms, et cetera?

A He wanted it that way. He said I don't want to see no reports. I said, do you want to see -- he said I don't want to see anything. I trust you. He tried us out, you know, once or twice. After that --

Q What do you mean "tried you out"?

A You know, if you came back with ludicrous things. Actually, we probably came back with low, because we would always complain [redacted] the hotel bills, the telephone bills. You would spend maybe six, $700 a day just in telephones. I would say, Ollie, why don't you give your secretary a call. He would say, no, you call me.

Q Did he say he didn't want the vouchers just because he trusted you or because he didn't want things in writing? He didn't want a record?

A I think because he trusted us.

Q That was the only reason given to you for it?

A That is the only thing I can -- he never asked for anything.

MR. WOODCOCK: You testified you assumed he was getting the money from the CIA; is that right?

THE WITNESS: Yes.

MR. WOODCOCK: You had received money from the CIA yourself in mid-March of 1985?

THE WITNESS: Yes.

MR. WOODCOCK: When you received that money you had to sign a receipt for it?

THE WITNESS: Yes.

MR. WOODCOCK: You later filled out purchase of evidence forms, DEA forms; is that correct?

THE WITNESS: Yes. But not for the DEA. Just for, you know, giving the money.

MR. WOODCOCK: Whose forms were they that you filled out?

THE WITNESS: I used DEA forms.

MR. WOODCOCK: Who did you give them to?

THE WITNESS: Source one.

EXAMINATION ON BEHALF OF SENATE SELECT COMMITTEE

BY MR. WOODCOCK:

Q Let me show you something.

You gave source number one $50,000 -- the $50,000 you received from the CIA in two installments; is that right?

A Exactly.

Q Let me show you -- actually we should have this

CAS-15

marked as an exhibit.

(Exhibit [redacted]-2 was marked for identification.)

BY MR. WOODCOCK:

Q Let me show you what has been marked as Exhibit number 2.

A This is the $10,000?

MR. SCHIPPERS: No. He is just showing you that.

BY MR. WOODCOCK:

Q Take a look at that, please.

That is a form that evidences the transmission of $30,000 to source number one; is that right?

A Right.

Q And your signature is on that form; is that correct?

A Right.

Q Also, the signature of [redacted] is that correct?

A Correct.

Q Who did you fill that form out for?

A Myself.

Q You can see that in the -- on the form are letters indicating the agency, CIA, which means that we received this form from the CIA. When you filled that form out, did you know it was going over to the CIA?

A Yes. Well, I guess they asked for something.

S16

Q My question is, as you received money from the CIA, and the CIA ultimately received paperwork on what you did with the money, as is evidenced by this form, yet you also received money from North which you understood to be CIA money; correct?

A Yes.

Q Did it occur to you that North would also have to justify to the CIA what he was doing with the money he was giving to you?

A North could do whatever he wanted to do with his money as long as he gave it to me and didn't ask for a receipt. I don't care what he gave to the CIA, XYZ, or anybody else.

Q What I am asking you is different than that. What I am asking you is did you believe that North would have to justify to the CIA what he did with the money he gave to you?

A Yes.

Q How was he going to do that if you didn't give him the basis on which you spent the money?

A I don't know.

Q Did you ever ask him about that?

A No.

Q How long have you been in Government?

A [redacted]

Q And as a DEA agent, you have had to justify your

CAS-17

expenses, correct?

A Always.

Q When you go on a trip, you justify your expenses?

A Always.

Q When you give money to an informant, you detail that in writing; don't you?

A Always.

Q So that to the extent North wasn't asking you for documentary support for your expenses, that was not in line with your expenses as a Government employee; is that correct?

A Now, wait, that is a little -- I would say that in all my years [redacted] I never worked -- I never worked for anybody like Ollie North before. I have always had to justify everything. I have justified everything.

You can go back through my career. I have been in a lot of trouble, but I have always justified everything. I have been cleared, exonerated of everything I have ever done. It is just working with Ollie was like a breath of fresh air. We will do it. Go do what you want to do.

Q But --

A As long as we are trying to get the hostages. That is all he was -- he was -- you know, how can I say it? He was passionately involved in this hostage thing.

Q Understanding that North was unique in your

CAS-18

Government experience, still, didn't it occur to you, given your Government experience, he might be making a lot of trouble for himself if he didn't ask you for the back-up documentation for how you spent the money he gave you?

A That is his problem. It ain't mine.

Q Well, you had some regard for North, did you not?

A Yes.

Q You didn't want to see him get in trouble, did you?

A No.

Q Well, then didn't you, as a friend, want to take him aside and say, hey, look, Ollie, you could be creating a problem for yourself because you are not documenting what I am doing with the Government money you are giving me.

A Yes. I can understand where you come from, but I just cannot say that -- I mean I just can't answer that. I can't say that I was worried about Ollie. I was -- hey --

Q Did you just think he could do whatever he wanted to do?

A No. I don't think he could do whatever he wanted to do. He always said that this is okay. I don't know who okayed it, but --

(Witness conferring with counsel.)

THE WITNESS: I never, ever questioned Ollie's or Colonel North's justification for where he got the money. I don't know.

CAS-19 BY MR. WOODCOCK:

Q You never --

A And he never questioned mine or [redacted] Never.

Q You assumed he was getting it from the CIA; is that right?

A I --

Q Did you ever ask him?

A All except the 200.

Q Pardon?

A The 200 I knew.

Q Let's put the 200 aside. Did you ever ask him when you were getting this money from him where he was getting it from?

A Never. Never.

Q Do you know if [redacted] ever asked him that?

A I don't know. You have to ask [redacted] that.

Q Did you and [redacted] ever talk to each other about where Ollie was getting this money?

MR. SCHIPPERS: During this period?

MR. WOODCOCK: During this period.

THE WITNESS: Sure.

BY MR. WOODCOCK:

Q What did you say to one another about it?

A He always had it in the third drawer of his safe.

CAS-20

Q That was unusual in your Government experience, too, was it not?

(Witness nods head.)

BY MR. WOODCOCK:

Q It was?

A Yes. Yes.

MR. SCHIPPERS: You have to answer audibly.

BY MR. WOODCOCK:

Q Did you and [redacted] ever talk about that, that he was a Government employee and pulled money out of a safe in his office?

A I am sure we did, but I am not -- I can't.

Q Did you ever think to report back to DEA that this was an unusual circumstance?

A No.

Q What?

A Never.

Q Why not? Why not?

A I can't answer that. I don't know why. It just looked like -- you are asking me a question I can't answer.

Q Let me ask the question a little differently. You said earlier in your testimony you had been in trouble before and always had been able to justify your way out of it; is that right?

A No. I have always been exonerated.

CAS-21

Q In those instances --

A Never having to do with anything like this.

Q I understand. Have the records that you kept ever played a role in exonerating you?

A Never.

Q The records you kept have never played a role in exonerating you?

A Never.

MR. SCHIPPERS: I can clarify that.

THE WITNESS: [redacted]

MR. SCHIPPERS: [redacted] That is what he was talking about. It had nothing to do with records.

BY MR. WOODCOCK:

Q Let me ask the question differently.

You have been with DEA now for [redacted] in its various titles.

A [redacted]

Q You have travelled as a DEA agent?

A Yes.

Q And you keep records of your travel; right?

A No.

CAS-22

Q How do you justify your expenses when you come back?

MR. SCHIPPERS: You misunderstand the question.

THE WITNESS: I keep records when I travel for DEA.

BY MR. WOODCOCK:

Q If any question arose out of what you put in for a travel request, the records you keep would assist you in justifying your expenses, correct?

A Yes.

Q When you worked with Ollie North, you did a great deal of travelling, correct?

A Correct. Not -- yes. Quite a bit.

Q Yet the way he ran the operation, you weren't required to keep records of where you travelled or how you travelled or how much it cost you; correct?

A Correct.

Q Didn't it ever occur to you that further down the road, you might get into trouble for being unable to justify your own expenses?

A Never.

Q Why not?

A Because, again, you asked me a question. You want me to expound.

MR. SCHIPPERS: Tell him. Answer the question, [redacted] Why weren't you worried?

THE WITNESS: If I thought that this thing was going to come down to this, I probably would have. I did not believe that anybody that is working for the United States Government would ever be questioned in order to release some American people being held hostage by a hostile country in risking their lives. I would not believe that. I still don't believe it today.

BY MR. WOODCOCK:

Q Now you --

A And I don't care how much money. You give me $2 million. I will take $2 million. You think I would take 10 cents? I won't take 10 cents from these people. If they want the money, [redacted] want the money, give it to them.

Q My question is, your travel records protect yourself?

A I don't have travel records. I don't have any.

MR. SCHIPPERS: Listen to the question [redacted]

BY MR. WOODCOCK:

Q Your travel records protect you from any later auditing. That has been your experience as a Government employee?

A For DEA, yes.

Q Right.

A You can go get my DEA records.

MR. SCHIPPERS: No. Listen to the questions, [redacted]

CAS-24

BY MR. WOODCOCK:

Q I want to understand your testimony on this. Is it your testimony that it was the nature of the mission that caused you to believe that you did not have to keep the same kind of travel records that you would have had to keep with DEA?

A Yes.

Q Is it also your testimony that it was the nature of the mission that would have taken you out of any question about those records should any questions arise?

A Yes. Exactly. In all the travel I did, Mr. Lawn, my director, my administrator, who is a fine man, never asked. All he said was, look, you are cleared. Or he told [redacted] you guys can do it with North.

Q Did it ever occur to you to go to your administrator and say you wouldn't believe the way they do business over there at the NSC, Ollie just pulls open a drawer and gives us money.

A Yes. I said I wish I could work like that all the time.

Q Did you say that to your administrator?

A I never said it to him. I never talked to Lawn.

[redacted]

Q Did you ever talk to anybody in DEA about this strange procedure of pulling money out of a drawer?

CAS-25

A No. We did it when we were -- when we had the CIA money. We just went up to New York and gave the guy 20, 30 grand. You know.

Q I am talking about -- there you had to go to CIA and sign for the money; right?

A I had to.

Q What I am talking about now is when you went to North's office, North pulls up a drawer, gives you some money. Did it ever occur to you to go back to the people at DEA and say, gee, this is unusual, this is a strange way of doing business, you won't believe it?

A I am sure we talked about it. We didn't go up to the boss and say, hey, you know, there is something funny going on here.

Q I am not talking about something funny. I am just talking about something very much out of the ordinary.

A I am not saying something funny. Not something queer or unusual. Ever.

MR. SCHIPPERS: Can we go off the record for a second?

(Discussion off the record.)

THE WITNESS: I will go back on the record and say at times Colonel North has asked me to go do something and said I don't have any money, can you do it? Sooner or later, three months, two months down the line, he would

CAS-26

give me the money.

BY MR. WOODCOCK:

Q Did you just chalk that up to this being a covert operation?

A No, because I trusted Ollie.

Q No. I mean this lag in time between your incurring expenses and him paying you the expenses?

Is that your understanding of how the Government ordinarily works?

A No.

Q What did you attribute that to?

A Well, you know, and I know. But I didn't know then.

MR. SCHIPPERS: He is asking you what you attribute it to --

BY MR. WOODCOCK:

Q At the time.

MR. SCHIPPERS: Why did you think you had to wait three months?

THE WITNESS: I don't know where his money came from.

BY MR. WOODCOCK:

Q You assumed it came from CIA?

A Casey was already -- always gone.

MR. SCHIPPERS: Wait a minute. Let's get the answe

CAS-27

on the record.

BY MR. WOODCOCK:

Q What did you attribute the lag of time between your incurring expenses and North paying your expenses to?

A I would think that Ollie would put in like every month some kind of voucher to the CIA and sometimes he had arguments with certain people.

MR. SCHIPPERS: In the CIA?

THE WITNESS: Yes.

BY MR. WOODCOCK:

Q Did you know who they were?

A And he would always say -- I don't have any money. I have to wait until the old man comes back.

Q Meaning Casey? Is that correct? Is that what you --

A I assumed that, yes. I don't say it is correct. I assume that.

Q Did you ask him why the people were objecting to the vouchers he was submitting?

A Never.

Q So you had no idea what the problem was?

A No.

Q But did he tell you that he was submitting vouchers to the CIA?

A No. I assumed this.

CAS-28

Q Where does this conversation come from that you are describing to me?

A I would tell him, hey, look, my American Express is calling me.

Q What does North say when you say that?

A He says I will get it for you as soon as I can. Trust me. He says, I am having a problem.

Q With whom?

A He never said. He said, I am having a problem, I am a little short, trust me.

He said somebody is out of town or out of the country.

Q Okay. I want to re-trace this testimony because now I am confused on it. There was from time to time a lag in your incurring expenses and North paying you for those expenses; correct?

A Exactly.

Q And there was at least one occasion when you, during this lull or this lag time, told North, look, I have got a problem with these expenses, what can you do about it; is that correct?

A Exactly.

Q And North's response was you have got to trust me, you have got to give me more time, somebody is out of town; is that correct?

CAS-29

A That is correct.

Q Now, was that a sequence that was repeated on any other occasion?

A This was done just about every time.

Q Did it occur to you that was unusual in your Government experience?

A Yes.

Q Did you ask North what kind of an operation he was running that he couldn't pay in the ordinary way a Government voucher, or a Government-incurred expense?

A I never gave him a Government voucher.

Q Let me ask it differently. A Government-incurred expense? That he couldn't pay that in the ordinary way?

A No. But I think from the start Colonel North explained, he said, hey, look, we get the money when we can get it. That is it.

Q Does that sound like Uncle Sam to you?

A No.

Q Did it sound like Uncle Same to you at the time?

A Did it what?

Q Did it sound to you like the way the Federal Government works at the time when he said we can get the money when we can get it?

A Yes.

Q It did?

CAS-30

A Yes.

Q Why?

A Because I worked with the CIA many times. And I have yet to meet one guy that told me his right name, let alone give me money on time.

They still owe me money from when I went to [redacted] for them, pulled a guy out of [redacted] They are --

Q So you did think this was the ordinary --

A I --

Q Wait a minute. Is it your testimony this was the usual way the CIA worked in your experience?

A No. I wouldn't say -- I am not coming down on the CIA. I think they do a good job, as well as they can do. They don't do things the way other agencies do them.

Q And --

A I think if Colonel North had legitimate expenses that would take him about a month or two months to get the money out of the CIA, yes. I will tell you that.

Q So nothing in that experience led you to question whether this was in fact Government money you were receiving, is that your testimony?

A He never gave me anything except cash or travellers' checks.

Q Okay. But that is a different question. There is nothing in this lag time that led you to believe that this

CAS-31

money that you were receiving from him was not in fact U.S. Government funding?

A I never worried about it.

Q Wait a minute.

MR. SCHIPPERS: Listen to the question, [redacted] Try to answer it.

BY MR. WOODCOCK:

Q There was nothing in your experience with this lag time, your going out incurring large expenses and waiting months to be repaid, that led you to believe that North was using something other than U.S. Government money to pay you back; is that correct?

A Correct.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MS. NAUGHTON:

Q Okay. Forging right ahead. Still in May or June of 1985, how soon after Jay Coburn arrived with the money, Colonel North put it in the safe, did you actually leave [redacted]? C

A About a month.

Q About a month went by? Okay. Cb

And what did you tell your brother in regard on to this assignment?

For the record, your brother, [redacted] went next along with you on this trip; is that correct?

CAS-32

A Right.

Q What was the purpose for him going alone?

He was going to -- he was going -- he would carry the money.

Q Okay. Did you tell him why he would have to carry the money?

A Yes.

Q What did you tell him?

A I told him that we are working on this official hostage thing and we had some money here, but I can't take it, are you available? And he said, well, when can we do it?

Q Now, for the record, your brother [redacted] [redacted] is that correct?

A Correct.

Q [redacted] he made the acquaintance of Ed Hickey; is that correct?

A Yes.

Q Ed Hickey later became Assistant to the President; is that correct?

A Correct.

Q Your brother [redacted] and did at the time he helped you with the money. Could you explain what kind of business he has?

A For that firm?

CAS-33

Q Yes. What does the firm do?

A [redacted]

Q

A Yes.

Q Aside from your brother and yourself, did anybody else go [redacted] with you on this trip?

A No.

Q What did you do about the currency transaction reporting requirements in regard to taking the money out of the country?

A Absolutely nothing.

Q You didn't fill out any forms?

A No.

Q Did you clear it with Customs ahead of time?

A Yes.

Q How did you do that?

A I called -- well, I shouldn't say that I did. I think I called [redacted] and [redacted] called the DEA and the DEA called Customs and said that [redacted] and his brother are coming out with -- or [redacted] and another guy will be out there and they are going to take $200,000 out and it is all official.

Q Was the reason for the trip given to Customs as far as you know?

A Never.

AS-34

Q Now, was there -- were there any wheels greased, so to speak, [redacted] so that your landing and arrival would be --

A No. Even in [redacted] when we got to [redacted] they opened the bags. They saw the money. They didn't even look at the money. They went looking for hand grenades or something.

Q Did you have to report the money at all [redacted]

A Never.

Q How long were you [redacted]

A Three, four hours.

Q And from [redacted] where did you go?

A [redacted]

Q How long were you [redacted]

A Two days.

Q Where did you go from [redacted]?

A [redacted]

Q Is that where you met the source?

A No. We met the source and the sources sub-source [redacted]

Q Does the sub-source have a code name?

A [redacted]

Q And you met them [redacted]

A Yes.

Q Did they travel with you [redacted]

A The source did. The sub-source took the money and went [redacted]

Q What did you do with the money once you arrived [redacted]

What did your brother do with the money once you arrived [redacted]

MR. SCHIPPERS: You mean physically?

MS. NAUGHTON: Yes.

BY MS. NAUGHTON:

Q Did you keep it at the hotel?

A The same day -- we got in around four o'clock in the afternoon. You can check the flights. I am pretty sure it was four o'clock. [redacted] picked us up at the airport.

Q

A

We went to the hotel. He pointed out the sub-source. I met with the source. So I said, well, let's go up to the room. I think we were in my room or my brother's room. The source came up. There were four manilla envelopes, that color.

(Witness indicating.)

THE WITNESS: Each containing -- I never counted it all, but I assume each containing $50,000 and we turned it over to him.

CAS-36

Q Source one?

A Source one.

Q Okay.

A We went downstairs. He left. My brother and I [redacted] went downstairs and were later joined by the source, [redacted] who always had his briefcase with him. [redacted]

Q And that is to get into [redacted]

A Yes. [redacted]

CAS-37

BY MS. NAUGHTON:

Q Did he pay for [redacted]

A This is [redacted]

Q Oh, I see.

[redacted]

Q Did he pay for that or did you?

A I am sure -- I don't know. I don't remember. I would think that that source one paid for that. He always paid for everything. Not everything. I mean, everything to do with his sub-sources.

Q Now, while you were in transit with the money and when you arrived [redacted] your brother had custody of the money; is that correct?

A Yes.

Q But he was doing with it what you wanted him to do with it, instructed him to? In other words, it was not his to spend as he saw fit?

A Correct.

Q Did you and your brother leave [redacted] at the same time?

A No.

Q Did you stay?

A I went -- after [redacted] I went back [redacted] with the source.

Q Could we have a time period?

A Because [redacted] -- latter part of June. No. I only spent a day or two.

Q So in late June you left for [redacted]

A I would say June 28th, 29th, 30th, something like that. July 2nd. Because there was a TWA highjacking.

Q Okay. July 2nd you went back to the U.S.?

A No. Back to [redacted] Inbetween there, there was the TWA highjacking.

MR. SCHIPPERS: No. Yes. June 30th. Yes.

[redacted]

BY MS. NAUGHTON:

Q If we could back up for a minute, after the money had been paid [redacted] why did you go [redacted]

A Because the source did not feel comfortable going right in with the -- the sub-source [redacted] He wanted to see how that would impact.

Q But why go [redacted]

A [redacted]

We met [redacted] there. [redacted] came there. [redacted] wanted to know how things were going.

Q Why did your brother go [redacted]

UNCLASSIFIED

^^S-39

A He went [redacted] he stayed one day, and then he went back to New York.

Q Do you know how your brother was paid?

A Travellers' checks.

Q Travellers' checks?

A Yes.

Q From whom?

A Colonel North.

Q Were these drawn on a Central American bank?

A You say "Central", I say "South".

Q South American?

A Yes. Equador, I think.

Q Do you know how much your brother was paid?

A $5,000. I got $5,000, he got $5,000, and [redacted] got $5,000. I picked it all up. I had paid for my brother's tickets. It was [redacted] and some change. [redacted] met us at the airport and I gave him $5,000. Ollie gave me the money.

Q So Ollie gave you a total --

A Of $15,000.

Q -- of $15,000 in travellers' checks?

A Exactly.

Q Did you ever ask Ollie how come these South American travellers' checks came into his possession?

A Well, we were a little skeptical to start with,

UNCLASSIFIED

S-40

but --

Q Did you ask him about it?

A Never. I asked him -- yes. I said are these things good? I said I have never seen anything like this before.

Q What did Ollie tell you?

A He said don't worry about it. We went out to Dulles Airport and the first thing I did was go up to the exchange place and cash them in.

Q Did Ollie tell you he had ever cashed them? That he had done it and they were good?

A No.

end D.D.

end CAS

12:00

noon

BY MS. NAUGHTON:

Q Now, I want to ask you a little bit about the plan as it was to happen, of course, before the TWA hijacking sort of put a wrench in the plan. Could you tell us as specifically as possible, what exactly was to happen when [redacted] went with the 200,000 [redacted]

A Well, you have to draw like -- he asked us for --

MS. SCHIPPERS: He who?

THE WITNESS: Ollie. I will put that as the [redacted]

MR. SCHIPPERS:

THE WITNESS: They are all the same. This is a guy named -- I can't really write all the names the way they are. This guy's name [redacted]

MR. SCHIPPERS: Is this a reproduction of a document you gave North?

THE WITNESS: Yes. [redacted] and he was the one that source No. 1 said had control, but he would have to pay this guy and pay this guy and pay this guy.

BY MS. NAUGHTON:

Q Actually, the three at the top are going to make the approach [redacted]

A No. He had already made the approach, source No. 1, [redacted] -- and the source had already talked to this guy [redacted] [redacted]nd our source said, "Look it, I'm over here. I don't work for the government. I don't work for the United States. I'm just the middleman. You want guns, I'll give you the money, you go buy guns." Bulgaria, Czechoslovakia, Hungary, over there. I said, I cannot give you guns. So he came back and he said to us, he said, "Look it, the guy wants guns." And I said, "Well, gee." Me and [redacted]aid, this is strictly, you know, [redacted] thing. Do what you want with the money. You got to pay them off. You got to buy guns, buy guns. Who cares? But we can't give you guns. So this guy then, although [redacted] insisted upon it. Now, [redacted] I think his name is -- I have all the names, but I just can't think of them. [redacted] [redacted] He said, "All right, okay, as long as you go t[redacted] [redacted] after the TWA thing, [redacted]e sent source No. 1 in. He came back and he said, "Can you get me arms?" So we went t[redacted]nd tried to get some of this stuff that you can't use in the United States. I mean, I'm digressing, you know. [redacted]

Q Which one is the one [redacted]

A [redacted]

Q and according to your

chart, he's central.

A He's the important person there.

Q Okay. What I don't understand --

MR. SCHIPPERS: Could I suggest you mark that?

(Exhibit No. 3 was marked for identification.)

BY MS. NAUGHTON:

Q Showing you what has been marked Exhibit 3, which is the diagram we are working on, if it was [redacted] that was to persuade or influence [redacted] who had control of the hostages, what part did the [redacted] have to play in that scheme?

A [redacted] had control.

Q [redacted] had control? Is he [redacted]

A [redacted] I don't know.

Q Did control pass from one to the other?

A He had access.

MR. SCHIPPERS: [redacted]

THE WITNESS: [redacted] which is where we believed, or we -- yes, we believed the hostages were being held. There's nothing guaranteed in that part of the country.

BY MS. NAUGHTON:

Q All right. If he controlled that, why would you have to pay off [redacted] on the bottom of your chart?

A Because he also, he was [redacted] This guy was [redacted] and his people would [redacted] They were [redacted] They were the, you know, the people [redacted]

Q Okay. Do you know how the money was to be broken down in terms of who was to get how much?

A No.

Q Did source 1 ever come back to you and tell you who had gotten what?

A No.

Q Did you understand to whom the bulk of the payments would be made?

A Yes.

Q Who was that?

A [redacted]

Q Now, once the payments were to be made, what exactly was to happen?

A Once the payments were made -- it's a very tough question. We didn't know what was going to happen. We expected the release of certain people.

Q They don't just appear [redacted]

A Yes. No, not [redacted] No.

Q Tell me what --

A [redacted]

Q How were these people to be released? In other words, was it to be a forcible extraction? Was it to be a bribing [redacted]

A Bribing. It was always bribing. May not even be bribing. It may be [redacted]

Q Is your answer then you didn't know exactly how they were going to get the hostages released?

A Not from [redacted] My answer is that they were going to get them to [redacted] Put it that way.

MR. SCHIPPERS: By "they" you mean the people that had been bribed were going to get them into [redacted] [redacted]

THE WITNESS: Exactly.

MR. SCHIPPERS: One way or another, right?

THE WITNESS: One way or another, yes.

MR. GENZMAN: Were particular hostages named?

THE WITNESS: Buckley was always number one.

MR. GENZMAN: How about the second?

THE WITNESS: That was I think Jenco, I think the priests.

BY MS. NAUGHTON:

Q Now, assuming they had physically gotten them out [redacted] and into [redacted], what was then to happen?

A Well, then either source No. 1 would motor them, via seagoing vessel [redacted] or Colonel North said he may be able to either talk to [redacted] [redacted] the American ambassador over there, who he didn't get along with, [redacted]

Q To [redacted]

A Yes, but we didn't want to motor them [redacted] [redacted] and we thought, you know, they would need medical attention.

Q All right. So there were two possibilities. One, using [redacted]

A Or American military. I don't care, you know. [redacted]

Q And the other plan?

A Was to try to get Ambassador [redacted] [redacted]

Q Now, what steps were taken by either you or [redacted] to carry out either of these plans?

A None.

Q Well, what were you going to do if this had worked and the hostages showed up [redacted] with no plans being laid?

A We had our plans between me and [redacted]

Q That's my question. What were you going to do?

A We would have to wait and see what happened, whichever way it went, whichever way the wind blowed at that time.

Q Let's say the wind blew the hostages out of where they had been held captive and they were now in [redacted] [redacted] What were you going to do?

A Well, I wasn't going to do anything. If the source said I have them, we can take them by boat or we can take them to the embassy, do it, whichever is easiest.

Q Which embassy?

A American embassy.

Q Where?

A In West Beirut.

Q All right. So you were relying on whatever the source would tell you he could do?

A Yes. Not being there physically, I mean we have to rely upon this person.

Q But you took no steps yourself to alert the U.S. ambassador?

A I didn't. I told -- we explained to Ollie what we may need.

Q Okay. What steps, if any, did Colonel North take?

A I don't know. I don't have the slightest idea.

Q Did anybody contact [redacted] to see whether or not they could provide a vessel?

A I know Ollie was very close with these people.

Q I'm not asking if he was close. I'm asking, what steps were taken?

A I don't know.

Q Were there any steps taken with the American military?

A Never, that I know of.

Q Were there any steps taken to secure [redacted]

A Yes, a couple.

Q Could you tell me what that was?

A Well, we tried to [redacted]

Q You mean his other trips

A Yes. All his trips. We always tried and he could never -- the ambassador always said no.

Q When you say you tried, did you speak to the ambassador?

A Me?

~~TOP SECRET~~ UNCLASSIFIED

Q Yes.

A No.

Q Did [redacted] speak to the ambassador?

A No.

Q How did you try [redacted]

A Talked to the DCM.

MR. GENZMAN: Is that DCM [redacted] or Beirut?

THE WITNESS: [redacted] I didn't talk to him.

BY MS. NAUGHTON:

Q Did [redacted] talk to the DCM?

A No.

Q Who talked to the DCM?

A Either [redacted]

Q So did either [redacted]ake steps to secure [redacted]

A No.

Q So no steps were taken?

A It was just to get source No. 1 in and out because [redacted]

Q Then let's go back to my original question. [redacted] [redacted] was out because the ambassador wouldn't go for it.

A No. Yes. To get this source in. But if we got the hostages to the American embassy, then I think the

UNCLASSIFIED

ambassador probably would have made a concession and flown them over [redacted]

Q But you know of no one who took steps to see if he could do that before -- you were going to wait to learn that the hostages had actually been released, right?

A Yes. Once they got out of [redacted] and over to [redacted] we were confident they would be okay. They would have medical treatment. But not like, you know, we are used to. They would get medical treatment like the Lebanese are used to.

Q Did you take any steps to see they would get medical treatment once they arrived [redacted]

A No. That was up to Colonel North. He said, "Once you get them here, I'll take care of them."

Q By here --

A Once you get them out, I'll take care of them. Not even that. Once you get your hands on them and they are in your physical possession, I'll take care of them.

Q Where did you intend that they would stay [redacted] [redacted]

A I would think [redacted] I didn't have anything --

Q You made no plans, then?

A No. They can stay in a hotel. They would stay wherever they wanted.

Q Did you ever tell Colonel North you would make plans to rent a safehouse?

A We had talked about it once.

Q Had you rejected that idea?

A I didn't reject it. I don't think anybody rejected the idea. We were trying to think whether they would be better off [redacted] because if we got two, then we were going to go back and get the rest. You're going to have to compartmentalize, split up, put them in a box and keep them quiet, because they all want to go to the newspapers and tell their story. So we are going to have to kind of lock them up, you know. And this was the idea.

I thought it would be better [redacted]

Q But it was up to Colonel North to make the arrangements [redacted]

A It was his arrangement, yes.

Q What made you think once two of the hostages were released you could go in and get the rest?

A That was the deal. That was the deal with these people.

Q Explain that to me.

A Once whoever effected the release of two of them or one of them, they were dead if they didn't come out anyway, so that was what mainly the money was for, to relocate these people. So then there was nothing to stop these people from getting everybody else out and all his friends, his family, whatever, and take the whole bunch if they were all together. We did not know that they were all together at this time. We were just trying for as many as we could. And not even just the Americans. We were trying for the British, French, Italian.

Q Are you saying, then, that once they accept your bribe money, the leverage --

A Once they take the money, they are in. They are dead if they don't.

Q So they might as well release them all, was your thinking. Was that going to take more money?

A Yes.

Q How much more money?

A Enough to relocate everybody.

Q Did you talk in numbers?

A Well, you're talking about, you know, 500 grand a head, probably.

Q Those are my questions on that episode. Does anybody have anything else? Okay.

Now, was it the TWA hijacking or the death of [redacted] [redacted] that made that plan fail?

A It was a little of both.

UNCLASSIFIED TOP SECRET

Q Both? After that episode between, let's say, June of '85 and January of '86, what were you doing vis-a-vis this operation and Colonel North?

A What do you mean what was I doing?

Q What's happening?

A Well, it was very quiet. The source No. 1 was going in and out. [redacted] There was a lot of things. A daily basis, I don't have a recollection.

[redacted]

Q Now, prior to that, if we can go -- in December of 1985, the hostage location task force was reorganized. Did you know anything about that?

A No.

UNCLASSIFIED TOP SECRET

Q Did you ever attend any meetings of the hostage location task force?

A Never. Never.

Q Why is it you were not a part of that?

A Because Mr. Azzam was in charge of that.

Q But after Azzam dropped out in July of 1985, how come it is that no one from DEA then attended those meetings or did anyone from DEA attend those meetings?

A I don't even think they told us about them. I thought Azzam was handling it. You can't answer that. If he's not there and he doesn't tell anybody to take his place, nobody goes.

Q All right. Did anybody, did Colonel North or anyone describe to you the meetings or what occurred?

A No. He thought they were a bunch of crap.

Q Now, tell me about Charlie Allen. When did you first meet Charlie Allen?

A In December of '85.

Q Where did you meet Charlie?

A At his house.

Q Do you remember when in December that was?

A Before Christmas. The second week.

Q How did that come about?

A He called us up or Ollie -- Colonel North had said, "Look it, I'm getting really inundated by everything."

What he mean by "everything, I assume it was down south. He said, "Look it, whatever you tell this guy Charlie Allen and his junior partner there, [redacted] who went up and met source 1 or source 5, I think -- source 1 and 5 -- you know, "do what you can." He said, "Whatever you tell Charlie will get back to me."

Q Wait a minute. Does Charlie first contact you or does North tell you to go see --

A North told us.

MR. WOODCOCK: He mentioned [redacted] on that first mention of Allen?

THE WITNESS: Yes, sir. Allen, Charlie Allen tried to sluff [redacted] off.

MR. WOODCOCK: Wait a minute.

THE WITNESS: He said, "This guy" --

MR. WOODCOCK: When North first brings Charlie Allen to your attention, does he also bring the name [redacted] to your attention?

THE WITNESS: No. I was in Ollie's office.

MR. SCHIPPERS: Who did Ollie mention the first time, was it Allen and [redacted] or just Allen when he said what you tell him will get back to me?

THE WITNESS: I don't know.

MR. SCHIPPERS: What's your best recollection?

THE WITNESS: I really -- my best recollection would be Charlie Allen.

MR. WOODCOCK: By himself. His name mentioned by himself; is that correct?

THE WITNESS: Yes. But about a day or two later, Ollie called or Fawn called and said, "Can you come over to the office and meet this guy [redacted] this major." He was a major.

MR. WOODCOCK: Did she call you?

THE WITNESS: Yes. I don't have a log of this. I went over and met this guy and he said, you know, he's with Charlie Allen. I didn't even know who Charlie Allen was then.

MR. WOODCOCK: You think this was in December of '85.

THE WITNESS: No. It was before December of '85. The first time I met Charlie Allen was December. That was at his house. This was not at Ollie's office, if you follow.

MR. WOODCOCK: I'm not following.

BY MS. NAUGHTON:

Q Let's go back to the North conversation. The first time North tells you about Charlie Allen, is that in December or earlier?

A Well, early, early December.

Q Okay.

A Mid December, then we go out to Charlie Allen's house because I remember it distinctly.

Q Does he tell you he wants you to meet Charlie Allen?

A Yes. He says --

MR. WOODCOCK: Before we leave this, is this when he first tells you of Charlie Allen? Is this a phone call or meeting or what?

THE WITNESS: A phone call probably.

BY MR. WOODCOCK:

Q To you?

A Probably.

Q Is that the way you recall it, that North called you and mentioned Charlie Allen?

A He said, "Look it, I'm inundated. I'm going here, I'm going left and right." He said, "From now on, just talk to this guy. It will all get back to me." I said, "I don't feel comfortable with that."

BY MS. NAUGHTON:

Q What did he say to that?

A He said, "Well, tell him and tell me too, or leave it with Fawn."

Q Did you know Charlie Allen was with the CIA?

A Not at that time.

Q When did you learn that?

A When I read about it.

Q In November of '86?

A No. I think I knew a little before then. I didn't know -- I thought he was with the other people there, NAS, because he had all these plans and intelligence stuff.

Q Can you tell us then how the meeting at Charlie Allen's house came about? Did North go with you?

A No. I don't think you ought to take this down.

MR. GENZMAN: Why not?

THE WITNESS: All right. Take it down. I don't care.

He called it up and said, "Hey, look it, I've got a meeting with Poindexter every Monday morning." He said, "I have to tell him something. Can you guys come over and tell me something to tell him?" So we went over his house.

BY MS. NAUGHTON:

Q The first time you talked to him --

A He lives out in [redacted] someplace. I couldn't find it again.

Q The first time you talked to Allen, he was requesting information from you.

A Always. All he wanted was information. He didn't want nothing. We were asking him for money. [redacted]

[redacted]

Q Why did you think he had money?

A Why did I think he had money?

Q Yes.

A It was inferred from Ollie that he had some money or he could get some money. [redacted] And I didn't think he had a lot of money but a couple thousand dollars.

Q At this time did you think Charlie Allen was with NASA?

A Yes.

Q You thought he could get you money?

A Yes. I thought if he was in his intelligence gathering or whatever he was doing, that it would behoove him to talk to these people, [redacted]

Q Who else was at Charlie Allen's house when you went over there?

A [redacted] and his wife and one of his kids.

Q Whose kids?

A Charlie Allen's.

Q It's just you and [redacted] and Charlie at home with his family?

A This is Sunday afternoon, Sunday evening.

Q Okay.

MR. WOODCOCK: Let me ask a couple questions here.

20

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. WOODCOCK:

Q According to your testimony, North called you up and says, "I'm inundated," and refers to this fellow Charlie Allen. Then your testimony -- is that correct? Is that what happened?

A Yes. Basically, yes.

Q Okay. Then you testified that you next hear from Charlie Allen who says, "Hey, I've got these meetings"?

A No. No, I met -- I was over in Ollie's office and this guy [redacted] came in.

Q I want to get the sequence down. So first you get the phone call from North where he says, "I'm inundated," and brings up Charlie Allen; is that correct?

A Yes.

Q I assume he's bringing up Charlie Allen as taking over some of North's responsibilities because he's inundated; is that right?

A Correct. This was only -- this was not in actual sequence of extracting the hostages. This was more we were at this point trying to formulate, were they right there, were they right there, you know, exactly put them in the house or put them in the prison or a cave over there.

[redacted]

md 1

fls emm
#3a

Q So, after the phone call from North, but before you meet with Allen, you have a meeting with [redacted]

A Yes.

Q How does that come about?

A I met him in Ollie's office.

Q How did it come about that you met him?

A Ollie said that [redacted] through Allen could provide some funding for my source number five.

Q And was [redacted] in uniform?

A No.

Q Did you understand that he was in the military?

A It would be hard not to.

Q That is because of his bearing; is that correct?

A Yes.

Q Did [redacted] confirm he was in the military at that time?

A I think he said he was a Major.

Q Was anyone else present at the meeting?

A No.

Q What was [redacted] relationship to Allen explained to you at that time?

A He worked for Mr. Allen. He was [redacted] or something.

Q Did Ollie explain in front of [redacted] that [redacted] would be able to get money? What did he explain [redacted] was supposed to do?

A He said at that meeting, he said, look it. Introduce him to source number five and source number one, which we did. We took him up to New York.

Q How long after that?

A Within a week. He said, you can trust the guy and he will try to help you get some money for these guys. He said, I am tapped out. I can't do it.

Q Now, at this meeting with [redacted] did you set up the meeting with Charlie Allen at his home?

A No. Charlie Allen calle[redacted] called me and said, come over and pick me up. It was Sunday afternoon. It was snowing. I can't forget it, because we got to his house and he says, do you want anything? I said yes. He said, well, I don't have that. I mean, I think Charlie Allen is just a strategic planner or something. I don't know what he does. He is an information-gatherer.

Q Let me ask you this[redacted] If [redacted] were to say the first time he met you was in the Old Brogue Tavern --

A He is a liar.

Q He would be a liar?

A A liar.

Q If Charlie Allen was to say the first time he met you would be in the Old Brogue Tavern, what would he be?

A He might be telling the truth, I am not sure.

Q Did he meet you in the Old Brogue Tavern before he met you in his house?

A Was Ollie there?

Q At the Old Brogue Tavern?

A Yes.

Q Yes.

A I have only been there one time.

Q When do you think that was?

A Early part of '86.

Q Why were you there?

A To meet Ollie, Charlie Allen. It might have been Christmastime of '85. I don't know really. I remember being at the Old Brogue Tavern because I lost a hubcap that night.

Q And [redacted] was there as well; correct?

A I picked him up and drove him home.

Q To the best of your recollection, that is the first time you met Charlie Allen; is that right?

A No.

Q You first met Charlie Allen in his home?

A No.

Q When did you first meet Charlie Allen?

A I would say early December.

Q Where did you first meet Charlie Allen? Do you recall that?

A Do you know how many people I have met over this thing? I cannot --

Q If you can't remember your testimony is you can't remember.

A Early December.

Q Do you remember where you met him?

A No.

MS. NAUGHTON: Look, when you drove to his house, you say you can visualize that it was snowing. You get to his house. I assume he meets you at the door?

THE WITNESS: He lives in a cul-de-sac.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MS. NAUGHTON:

Q I assume he meets you at the door when you come into his house. Is that the first time you ever laid eyes on him?

A No. I had seen him before.

Q Let's go to the Old Brogue Inn. North, according to other people, arrives later, so when you see Charlie Allen at the Old Brogue, is that the first time you laid eyes on him?

A Charlie Allen?

Q Yes.

A No.

MR. SCHIPPERS: Had you already been to his house?

THE WITNESS: No. I am not sure. I can't say.

BY MS. NAUGHTON:

Q Is that the first time you say --

A It is the only time I ever met Charlie Allen -- I met him at his house one time with [redacted] I met him at the Old Brogue Inn with [redacted] Ollie came in about a half-hour or an hour later, and it was so noisy they couldn't even talk, because they had all this country and western music playing or something.

Q At the Tavern there, is that the first time you ever met [redacted]

A No. I met [redacted] I took him up to New York.

Q Is it your testimony the trip to New York was before the Tavern meeting?

A Yes. It was, I would say, the latter part of November or early December when I took Major [redacted] to New York. We met [redacted] He met source five. He gave him $100.

Source five lost the $100. Then he said, you mean to say that we came all the way up here to give the guy $100? This is baloney. It cost us more to fly up there.

MR. GENZMAN: How did source five lose the $100?

THE WITNESS: He thought -- it was really cold and he thought he put it in one of his pockets and it must have fallen out. He [redacted] called me and said, what did he do with the $100? I said, it was a waste of time.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. WOODCOCK:

Q [redacted] for your information, and perhaps this will help place this in time, I have a report which is dated January 15, 1986, which Major [redacted] has identified as a report that he prepared which places this meeting with sources one and five on January 3 and January 14 of 1986.

A That is why I said early '86.

Q A moment ago, you testified you thought it might have been in November.

MR. SCHIPPERS: When did you go up to New York with source five?

THE WITNESS: I don't know.

BY MR. WOODCOCK:

Q What I am suggesting to you is this report states that that meeting --

A I can say if I went up to New York with Major [redacted] it is on my vouchers.

Q What I am saying to you is this report that [redacted] prepared, dated January 15, places that date or these meetings on January 13 and 14 of 1986. Does that sound like it could be right?

A Sounds very good.

Q Okay.

A I am sure my American Express records will reflect it. I said at the [redacted]

BY MS. NAUGHTON:

Q Was the meeting at the Old Brogue Inn before then, that New York trip?

A I don't know. I would say no. I would say it would be after, but that is just off the top of my head.

Q Did you have any sense of who exactly [redacted] worked for? You said he was military.

A Yes. NSA.

Q Did Charlie Allen or [redacted] tell you anything about what their operation was all about?

A All they wanted was information. They did not want to get involved physically with the extraction of anybody. They just wanted -- they said they had no sources of informatio in the Middle East. All they want is some information coming out of there, and we said, well, if that is all you want is information, we will give it to you. I mean, you could tell them that, but we introduced them to our sources.

Q Why?

A Which we would never -- because Ollie asked me to. Ollie asked me, he says if you trust me, look it, just let them go talk to these people themselves. And [redacted] I think had worked in the Middle East, because he had a working knowledge of Arabic or Farsi.

MR. GENZMAN: Did North say why he wanted these two to meet the sources?

THE WITNESS: Just said, trust me. Because we would never introduce anybody to our sources.

BY MS. NAUGHTON:

Q Did you think if you did introduce them to the sources that the money would be easier to get from them?

A Yes.

Q What was [redacted] opinion of the sources once he met them?

A With source number one, he was infatuated. With source number two, he couldn't believe, because he had [redacted]

Q Source five, you mean?

A Source five. He had [redacted] you know, but I think it was a little over his head.

Q What was his opinion then of source five?

A He trusted him implicitly. But I think it all went over his head.

Q Why do you say that?

A Because I don't think the guy knew what he was talking about.

BY MR. SCHIPPERS:

Q [redacted]

A Yes, the Major. [redacted] He knew how to ask for information, but he did not know -- he was not used to dealing with people like that.

BY MS. NAUGHTON:

Q He wasn't used to working sources.

A No.

Q Did [redacted] ever tell you that he would try to get you money or could get you money?

A Yes.

Q What did he tell you about that?

A We were trying to get about $8 or $9,000, I think, out of him, and he said, I will see what I can do. And he never did. That was to get [redacted]

Q Did [redacted] ever tell you who he was going to go to for the money or how he was going to try?

A Charlie Allen.

Q Who was Charlie Allen supposed to get it from?

A I don't know.

Q Did either of them mention meeting with CIA Director Casey over this issue?

A No.

Q Did Allen ever mention Casey at all?

A I don't think so. Allen mentioned Poindexter, but never mentioned Casey, to the best of my recollection.

Q Did North ever mention that Allen --

A I think Allen was going to those big wig meetings or

HLTF meetings.

Q Did North ever mention to you whether Charlie Allen had pull or had connections?

A Yes.

Q What did he tell you about that?

A He said if this guy can do it, he will do it. But he never, you know -- Ms. Naughton, it wasn't in terms where Charlie Allen will do this or Casey will do this, or Poindexter. It wasn't like that. It was we will see what we can do. This guy has a hook here, this guy has a hook there. There was never really names or the old man or this guy, you know.

It was never really where they would come down and say [redacted] I got to where I called the office, I didn't mention my name. I just called and Fawn would answer the phone, and I would say, it is me. I wouldn't even ask for Ollie. I would just say, is he there?

Q Did you ever get money from either Charlie Allen or [redacted]

A Never.

Q Do you know, aside from the $100 that was paid to the source, did either of them pay any money to any other sources or that source again?

A Not to the best of my knowledge, unless it was without my -- not in my presence, anyway.

Q Did you ever have any information from your sources that they had contacted them independently of you?

A Yes. I think [redacted] did. He called source five, but I don't think it did any good.

Q Did that upset you? Did you talk to [redacted] about that?

A I probably did, you know.

Q Do you recall what you said to him?

A No. I said, if you want to talk to my source, come to me. You people said you would give us this. Now, we went ahead and did it anyway. You gave us "ugads", so that is the way it goes.

Q Did you get the impression that Allen and [redacted] were just there to sort of sap information out of you?

A Yes. That is what I said from the start.

Q Sort of a one-way street?

A Yes. Nothing but.

Q Did there come a time when you sort of then gave them the cold shoulder?

A Well, what we were giving to them we were giving to Ollie anyway, so we just said, what is the sense in repeating it, you know, because it always gets screwed up. Once you tell somebody one thing and tell somebody another thing and then, you know, it is better just to tell one person. And Ollie was the best.

Q So you continued to tell Ollie what you were doing?

A Always.

Q Now, as of -- if we can move them to about the May period of 1986, there came a point in time where Jay Coburn and Tom Clines sort of come into play here. Could you tell us what that plan was all about, and how that was to go down?

Could you give me a time period? I might not be right on that.

A Middle of May to the first week of June, I was over there [redacted] At this time, source number five had some connections [redacted] to extract two or three hostages. At this time, they said that Buckley was dead. Colonel North said, well, get whoever you can get. We first asked for approval by -- or not approval -- bona fides by saying all right, if Buckley is dead, why don't you just give us his bones, which we can take to the FBI laboratory and have them analyzed and say, at least it is American. Whether or not it is Buckley, who cares, but he tried that and they weren't going for it. They said they wanted some money up front.

So, source number five is always a frugal guy. He said, give me 20 grand. So, I called [redacted]nd Ollie and they said -- and I said, I need some money over there, you know.

Because I think this trip we were on, we paid our own way. I paid my way, anyway. So, Ollie said, or [redacted] told me, call [redacted] and you will pick up 30 grand [redacted] but you are going to have to fly up there.

I went up there and got 30 grand.

Q Who did you get the 30 grand from?

A [redacted]

Q Did he tell you who he had gotten it from?

A Albert.

Q Albert who?

A Al. He didn't even know.

Q How did he know who to get it from Albert?

A He got a call from me, who [redacted] had called me and said, he will have [redacted] call this number and make arrangements to pick up the package.

Q Did you know whose number that was?

A Never.

Q Did you know how [redacted] got the number?

A From Ollie. I don't know. I assumed.

Q Was Copp mentioned at all in this transaction?

A Never. It was Al or Albert.

Q Do you know in what city [redacted] picked up the number?

A No.

Q Where did you --

A I know where he got it, but I wasn't there.

Q Where was that? Where did he get it?

A I think he got it [redacted]

Q Where did you meet him?

A [redacted] but he is based So he drove down picked up, met me

Q And he gave you $30,000.

A Right.

Q Now, what did you do with that money? By the way, was it in cash?

A Yes, hundred-dollar bills.

Q Was it American dollars?

A Hundred dollars, Credit-Suisse.

Q I am confused. You say they were hundred-dollar bills that you got.

A It was with Credit-Suisse little bands around them.

Q Where did you go from there [redacted] when you got the money?

A [redacted]

Q What happened [redacted]

A I gave source five 20,000. I paid my hotel bill, which was by then about $8,000 [redacted]

[redacted]

BY MS. NAUGHTON:

Q What did this plan consist of? Once you gave him 20,000 --

A They were going to take them [redacted]

Q Source five's plan contemplated the use of force?

A I don't know how they were going to do it.

Q They never explained that to you?

A Yes.

Q Source five is [redacted] right?

A Yes. He was going to get them, however he could. He didn't have to use force if it wasn't necessary. He was going to get them.

Q And that was to be two or three hostages?

A Two.

Q Two?

A To start with.

Q All he wanted for that was 20,000?

A No.

Q How was the money to work?

A That is where the thing went wrong, you see. We said -- the 20,000 was more or less for the seed money to just get the people interested. If they had provided the people or the bones or whatever upon delivery, COD, we got one live one, we got one dead one, right? Then you get XYZ.

Q What was XYZ? What were they to get?

A American dollars.

Q How much?

A There was never a price. I mean, see, at this point, people are getting a little ticklish. I mean, they were saying we don't want no British guy. We don't want no French guy. We want Americans.

Q Who was saying that?

A Ollie.

Q Where was the money to come from, the big money?

A From Colonel North.

Q So, tell me what happened then once the 20,000 was paid to source five? Did he go [redacted]

A Yes.

Q What is the next thing that happened?

A We went in and came out. He went in and came out. He went in and came out. Every time he brought me some other guys and I was trying to make deals with him. I said, where do you want the money paid? Do you want it paid here, do you want it paid there? Because there is nobody crazy enough to take a large amount of American dollars [redacted]

And I said we are not going to front anything. You can leave one of your men over here. They can see the money. We see the body, you get the money and we will guarantee it. Just get them out of the country. What you do when you get back [redacted] is your own business.

We talked about Swiss banks, and we talked about London banks and we talked about Vienna banks, and wherever you can pay money, Bahamas. But there were never any specific accounts set up. It was one of these, again, Coburn came or Jay came. He didn't have any money. I think he represented money, but he didn't have it with him.

Q Why did he come? In other words, was this plan --

A Because this was imminent.

Q This was imminent. So it was to happen in one week's time?

A Two days, three days.

Q Coburn arrived from where?

A I don't know.

Q Did you know he was coming?

A Yes.

Q Did Colonel North tell you to expect him?

A Yes. I met his plane. He came in a private plane.

Q Was it a chartered plane?

A It was a Leer jet, private.

Q Was this [redacted]

A Yes.

Q He did not have any large amount of money?

A If he did, it was on the plane.

Q How much was he supposed to have access to?

A At least 2 million.

Q Did you discuss that with him?

A I wouldn't say we had a big discussion. He came. [redacted] came, Tom Clines came. He came in a private plane, too.

MR. WOODCOCK: Tom Clines did?

THE WITNESS: Yes. He came out of Madrid or Portugal. I don't think we discussed the money. I think everybody knew or it was understood what was going down.

BY MS. NAUGHTON:

Q But what did Coburn tell you about where the money was and how to get it?

A He said, I can get it within a day.

MR. WOODCOCK: Had this come up suddenly, this imminent release?

THE WITNESS: Yes, yes. It wasn't, you know, we had been working on it, but all of a sudden, the guy said he can do it.

BY MS. NAUGHTON:

Q Once the hostages were released from their captors, who were they going to get them to [redacted]

A That was up to source five.

Q Did you have any understanding?

A Yes. We were going to meet them at sea. We had three plans.

Q Tell me what those were.

A The first one was we would land -- [redacted] We were going to meet them there. Or else we were going to take them out to sea or else they were going to turn them over [redacted]

We had three plans.

Q Let's go over plan one. Tell me how that would work.

A Plan one was that these people who he had been bringing over to me would bring these two guys [redacted] and they were going to extract them [redacted] put them out to sea in a boat and we had a boat there to meet them.

Q Did you actually have one there?

A Yes.

Q How did that get there?

A How?

Q Yes.

A Tom Clines.

Q So he bought a boat.

A He did it. I told Ollie, we need a boat.

BY MR. WOODCOCK:

Q Were you talking directly to Ollie at this point?

A Yes. Ollie at one time, and when I first met Clines, I didn't trust him.

Q Why was that?

A Because I just didn't like him, and I talked to Earl, one of these people in his office. We had a big argument on the phone. I remember very distinctly had an argument with him.

Q So, did you start out talking to Ollie and end up talking to Mr. Earl?

A Ollie was out of town.

Q With North out of town, you were talking to Robert Earl?

A Only that one time did I ever talk to him and like I say, it was a very bad argument.

Q Was there anyone else in North's office you would speak to over this period of time when North was out of town?

A No, I don't think so.

BY MS. NAUGHTON:

Q Do you know the name of the boat that Clines had?

A The Erria.

Q Who did you understand Clines to work for?

A Colonel North.

Q Can you be more specific? Did you understand him to be an NSC employee?

A I didn't think he was with the government. I thought -- that is why I didn't trust him.

Q Did you think he was private, then?

A I thought he was ex-CIA, CIA undercover or whatever, you know, one of them people that never tell you what they are doing.

Q Did he actually take his boat and --

A He didn't come with a boat. He flew in. The boat came about two days later.

Q Was the boat actually docked someplace waiting for the hostages to come in?

A Yes. The boat was docked -- not docked. They never, came in [redacted] it always stayed about two miles out.

Q Is that where it remained, or did it make any movement toward Beirut or toward Lebanon at any point?

A It never made any movement.

Q So it always stayed --

A I mean, I am just saying I didn't see the boat floating around.

Q Okay. Did you actually go on the boat?

A Yes.

Q Why did you go on the boat?

A To look it over.

Q Were there any preparations made to receive the hostages like medical supplies or --

A No. It was a filthy boat, filthy. It was a potato boat.

BY MR. WOODCOCK:

Q Who took you out there? Who took you out to the boat?

A I don't know. One of the guys from the office there.

Q Did you go with Clines?

A I think [redacted] might have run with Clines. We didn't all go together. It was one of these, this is the ship. I said, I ain't going on this one.

BY MS. NAUGHTON:

Q But they were going to put the hostages in there?

A No. We were going to put them in there for maybe at the most two hours.

Q Where were they going to be picked up and where were they going to be delivered, according to the plan?

A I don't have the exact, you know, bearings there.

Q Just give me an idea.

[redacted]

[redacted]

As soon as we had these people before the money went down, we would have them or at the same time, we would have somebody from, you know. Ollie always said the Seventh Fleet or something like that, we will get a boat or helicopter or something, you know, med-evac and that.

Q Right from sea?

A Yes.

Q Did you have radio equipment aboard the ship?

A Not at that time.

Q How were you going to get word that the hostages had been picked up?

A It would be provided.

Q By whom?

A By whom, I don't know. It would be at the order of Colonel North.

Q So, North was responsible for getting the logistical support.

Q He would provide it, yes. I think, you know, I have to say you can't have people just waiting around with radios and guns and this and that. [redacted] and I had a boat. [redacted] [redacted] But I mean, this was not a thing where we were going to go out in 20 minutes. This was a thing where the guy calls and he said, I have got the people. They are on my boat. Then we go meet them. Everybody was ready and waiting and willing to go.

It was just a matter of, you know, it takes six, eight hours to get going.

Q So, you had that six or eight hours to, for instance, procure radios and whatever?

A Of course. Once they took them out of [redacted] if they had them -- if source five had these people in his hands, I would trust him enough to say, hey, look it, where are you going? At one time, I said, just take them down and give them to the Swiss, because the Swiss still had an Embassy in East Beirut. You know, I mean, it wasn't like we were tryin to go in and save anybody. It was a job.

Q I understand that, but I am trying to figure out exactly what the plans were. That is the plan then involving Clines. Where was Coburn to be while all this was going on?

A Coburn was there [redacted]

Q Was he to go on the boat as well?

A I assume so. He had control of the money.

Q That is my question. If he is on the boat, how can he control the money?

A He will go on the big boat.

Q The Erria?

A Yes.

UNCLASSIFIED

Q There was a smaller boat.

A There would have been.

Q Who would have been on that boat?

A Me and [redacted]

Q Did you take any steps to secure a boat or make sure that one would be available?

A Have you ever been [redacted]

Q No.

A [redacted] [redacted] We have got boats. [redacted]

Q _Were these fast boats?_

A Yes. That is why we wanted a fast boat to make sure nobody was coming around behind them because this old tub, Erria, couldn't do 10 knots.

Q But without radio equipment, it is not much help, is it?

A As long as you keep in sight. [redacted] [redacted]

Q What about weapons? Did you make any provisions to have weapons?

A No.

Q Why not?

A Again, I would think that Colonel North would provide whatever we needed.

Q I mean, did you really think you would get the Seventh Fleet to show up at the spot?

A No, I never thought that.

BY MR. WOODCOCK:

Q It would be the Sixth Fleet.

A I never thought the Seventh Fleet or Sixth Fleet was going to come over there. I thought maybe they could have a little boat with a doctor on board, where they could get a helicopter and then put the people, if we got the people out and get them good medical attention.

Q Did you make provisions for providing some military protection?

A No.

Q So, you had no plan really, if they were being followed or if there was --

A Yes. That is what me and [redacted] were doing.

Q In your little boat, you were going to stave off the --

A The Lebanese Navy? I don't mean to make jest of this.

Q You said you had three plans. That was one. What were the other two?

A The second one was to give them to the Swiss or any other Embassy still in East Beirut.

Q What was the third plan?

A To get them [redacted] and give them to [redacted] and that was going to cost a lot of money.

Q Because [redacted] would have to be paid?

A Yes, and [redacted] and then they are still in Beirut. Then we have got to get them out.

Q How were you going to get them out?

A Out by boat [redacted]

Q Was this using the Erria?

A No.

Q How were you going to do that?

A Source number one.

Q He would procure a boat?

A He can procure anything he wants [redacted] [redacted]

Q So he would be responsible for getting the transportation?

A Yes. [redacted]

Q Now, so, according to plan three, if you had had to go that route [redacted] that conceivably would have cost more than the two million?

A Yes.

Q Is that a yes?

UNCLASSIFIED

A I would say.

Q What happened to make these plans go awry?

A The people wanted the money in Lebanon. They didn't go forth COD, although we guaranteed them, you know. We lied to them. We told them hey, you can have the money anyplace you want it, but we are not taking it into Lebanon. And they backed down.

Q Why was that a lie?

A That wasn't a lie we would take them in there. We lied to them by telling them we will give it to you [redacted] [redacted] We will give it to you wherever you want. Once we have the bodies, we can deal, because they have already accepted, they have already made their move.

Q Why was that a lie that you would give them money anywhere?

A Because we already captured them.

MR. SCHIPPERS: Why was it a lie when you told them you would deliver the money anywhere? Didn't you plan to deliver the money to them if they produced the bodies?

THE WITNESS: Then we wanted more. Then we have them. They are dead if they go back without no money, but they are ours.

BY MR. WOODCOCK:.

Q Did there ever come a time at which Coburn did make any affirmative step to transfer any money or obtain any money that you know of?

A I don't know. You have to talk to [redacted] about that. I really didn't have that much to do with Coburn.

Q Did North ever tell you the money was poised and ready to go?

A Yes.

Q Did he tell you where it was or how it was coming?

A I don't think he said where it was. I think -- this is what I think. I think Coburn came there. He represented the money. The deal we want, he said he could get it within 12 hours. I didn't believe that [redacted] but I think he could do it in 12 hours. I think one day maybe.

But I never saw any money over there.

Q The amount was to be two million under the first plan?

A Yes.

Q Who actually then -- was it your call then to call this off?

A [redacted] and mine.

Q Did Colonel North try to encourage you to stay or not to blow them off?

A He wanted to go on but he said, hey, look it, it is out of my control right now. He said --

Q What I am saying is, did he advocate putting the money up front?

A No.

Q So, he didn't --

A He didn't care really, I don't think, but it is not my nature or [redacted] nature to put no money up front.

Q So, he never argued about that decision with you?

A No, no. [redacted]

BY MR. WOODCOCK:

Q When did you leave [redacted] on that occasion?

A First week of June.

Q Before you leave [redacted] let me ask you a question about Tom Clines. You testified that Tom Clines flew into [redacted] correct? Did you know he was coming?

A Yes.

Q How did you know he was coming?

A Either [redacted] or Ollie called me and gave me the tail number of his private plane. I went out and met [redacted]

Q Who did you understand him to be?

A A friend of Ollie's.

Q Did you have --

A An employee of Ollie's actually.

Q What did you understand he was supposed to be doing there?

A Assist us. He said he will arrange the boat, because we knew by then we were going to need a boat sooner or later.

Q Was that the first time you had ever heard of Tom Clines?

A Yes.

Q Did you ever hear of him again after that?

A After?

Q Right.

A Until this whole thing started?

UNCLASSIFIED SECRET

Q Up to the point where there was public exposure in November.

A I had a couple of lunches with him.

Q Here in the United States?

A Yes.

Q Why?

A He wanted to introduce me to one of his friends, Robinette.

Q When did he introduce you to Robinette?

A October-November '86.

Q Why did he want to introduce you to Robinette?

A We struck up a relationship over there. He was a nice guy.

Q Even though you distrusted him in the beginning?

A I will digress a little. He had an ulcer over there. He couldn't smoke his cigars and he wanted to. He loves to smoke them, so he just held one. He couldn't drink. So he said, when we get back to Washington, I will take you out to lunch. So we went out to lunch.

Q You went out to lunch with him a couple of times, is that correct?

A Once.

Q At that lunch, Glenn Robinette was there as well?

A Yes.

Q Was the lunch social or were you there to meet

UNCLASSIFIED

Robinette?

A Social. [redacted] myself, it was within two or three days after we got back.

Q Got back from

A Yes.

Q So that was this June of 1986?

A Yes. I met Robinette one other time.

Q How did that come about?

A He called either my office or [redacted] office, and said, can you meet for lunch, and we went to lunch at the International Club on 18th and K.

Q When was that?

A That was after we got out, June, July, August, something like that.

Q Why did Robinette want to have lunch with you?

A To the best of my knowledge, he had some client who was an elderly woman whose daughter was strung out or something you know, snorting coke or something, and he wanted to know what the best way -- he was just bull-shitting her to make his money.

So he said, these are two narcotic agents. They are friends of mine. Tell your daughter, go check into Hazelwood Clinic out in Minneapolis or go to Betty Ford Clinic out in San Diego.

Q Did there come a point when you were [redacted] did you connect Clines with the name Al or Albert?

A Never. The first time I even knew was when Ms. Naughton showed me the pictures when I was first over there.

Q After this lunch in June with Robinette and Clines, did you ever have any other meetings with Cline?

A Never.

Q Ever speak to him?

A Never.

BY MS. NAUGHTON:

Q Were you aware of any contact between Robinette and Copp?

A Never.

Q Did Robinette ever tell you about working on any cases regarding the contras or Nicaragua?

A Yes, but is this relevant?

Q Yes.

A Yes.

Q What did he tell you?

A He said they got this hamburger case, he called it, down south, where somebody allegedly killed somebody or something and Clines and Calero and all these people are mentioned in the thing, and he said what do you know about it? I said I don't know anything about it.

Q Did he tell you he was retained by anybody to work

UNCLASSIFIED TOP SECRET

on the case?

A He said he was protecting his client's interests, who I assumed was Tom Clines.

MR. SCHIPPERS: Did he tell you it was Clines?

THE WITNESS: Clines never told me. Robinette called me at home one day. I like Robinette. He is a nice guy, too.

BY MS. NAUGHTON:

Q So, he called you to ask you about this, if you knew anything about it?

A Yes. Because he thought it had something to do with drugs.

Q Did he say there had been allegation of drug running?

A No. I just assumed that anything coming out of South America.

Q Did Robinette tell you anything about what he was doing in regard to the case?

A No.

Q Did he mention the name Jack Terrell to you?

A No. Terrell?

Q Terrell. Did he mention to you anything regarding the FBI in this case?

A Robinette?

Q Yes.

UNCLASSIFIED

TOP SECRET

A Never.

Q Did Robinette ever tell you about his relationship with Colonel North?

A Other than socially, other than Ollie is a good guy, and you know, this and that. I don't think so.

Q Did either he or Colonel North discuss the installation of the security fence on Colonel North's property?

A No, no. I didn't even think -- you know, I didn't even think he had that big a house out there, because I used to push his pick-up truck to get it started when he would park out behind the Oval Office and drove a pick-up truck.

Q When is the last time you spoke to Mr. Robinette?

A I would say early this year. I didn't talk to him. I left a message at his office to have him call me.

Q Why did you call him?

A He asked me to check something out, and I said I can't do it professionally. I said, you have to go through my brother.

Q What did he want you to check out?

A A name.

Q What was the name?

A I am thinking. I can't think of it. It was one of them CIA names, though.

3B - BAT fls

Q What do you mean one of them CIA names?

A If you mention it, I will think of it.

MR. SCHIPPERS: What do you mean CIA?

THE WITNESS: The names that are talking about explosives and stuff.

MR. SCHIPPERS: Names coming up in the hearings?

MR. WOODCOCK: You mean Wilson, Terpil?

THE WITNESS: Not Wilson, not Terpil. The other guy that did work in Vietnam.

MR. GENZMAN: Shackley?

THE WITNESS: Shackley.

MS. NAUGHTON: What did he want to know about Shackley?

THE WITNESS: Shackley wanted something or other, I don't know. So I said, I can't do this. I said you have got to talk [redacted].

MR. WOODCOCK: Robinette was working for Shackley?

THE WITNESS: Or Shackley was working for Robinette, I don't know. I called my brother and I said you go find out what you can about this guy, and then call this guy back or whatever. I don't know.

MR. SCHIPPERS: Who is this guy, and this guy?

THE WITNESS: Shackley. Find out what you can about Shackley and call this guy back. Don't call me.

MS. NAUGHTON: You thought Shackley was working for Robinette?

THE WITNESS: Or Robinette was doing something and he wanted to know what this guy was up to.

MS. NAUGHTON: What Shackley was up to?

THE WITNESS: Yes.

MR. WOODCOCK: Did you know that Robinette had at one time been a CIA agent?

THE WITNESS: Yes. Only afterwards.

MR. WOODCOCK: You never knew it from him; is that correct?

THE WITNESS: Not from him. From Tom Clines.

MR. WOODCOCK: When did Clines tell you that Robinette had been CIA?

THE WITNESS: When we had lunch out at the place in Tysons Corner. I forget.

MR. WOODCOCK: In June of 1986?

THE WITNESS: Late June, early July.

MR. WOODCOCK: With Robinette?

THE WITNESS: Yes. The Don Dominico.

MR. WOODCOCK: Did Cline ever bring up the name, Shackley?

THE WITNESS: Never.

MR. WOODCOCK: When did you determine that the Shackley name was a CIA name?

THE WITNESS: I read it in the book, the one by Moss, Peter Moss. I didn't know who the guy was.

UNCLASSIFIED

Robinette Just called and said, "Can you run a check on the guy?" I said, "I can't do that." I said, "I'll relay it to my brother and my brother will get back to you. It was kind of an in-house thing, you know. It wasn't a junk thing. It wasn't drugs.

MR. WOODCOCK: Do you know whether your brother actually checked on Shackley?

THE WITNESS: I don't have the slightest idea. I don't think so because I don't think Robinette ever followed it up or I would have heard.

MS. NAUGHTON: After the trip [redacted] in the summer of '86, did you take any other trips in regard to the hostage location effort?

THE WITNESS: Not for Colonel North. [redacted]

UNCLASSIFIED

UNCLASSIFIED

Page 164

Denied in total

UNCLASSIFIED

[redacted]

Q What had changed? Why was this different?

A Well, I think -- you asked me what I think. I don't know why it changed. You felt the atmosphere. Whenever I went into the building they were always looking at you.

Q At DEA --

A The last time Ollie gave me money he said, "I can't give you any money in the office. Meet me in Lafayette Park." We went over to Hardees Hamburger place because they are searching everybody that went into my office.

MR. WOODCOCK: When do you place this time period?

THE WITNESS: October, November. It was the last time I really had a personal meeting other than at his attorney's office.

MR. GENZMAN: When did you meet him at his attorney's office?

THE WITNESS: Right before Christmas, a week before Christmas, and it was just a "Hi, how are you doing? Merry Christmas. Happy New Year" kind of thing. It was me and [redacted] and Brendan Sullivan and Sullivan's partner.

[redacted]

[redacted]

BY MS. NAUGHTON:

Q When you were working your sources in '85 and '86, were you also paying them for drug information?

A Yes.

Q Yes?

A Yes. Always. I mean I thought we were concentrating just on the hostages, but always we were making drug cases anyway, but that was through [redacted] or through [redacted] either [redacted] or [redacted] or [redacted]

Q Here is what I am confused about. When you met with the sources, then did you and [redacted] ask them about narcotics, or did you leave that to [redacted] and [redacted]

A No, when we would meet with them in the United

States we would ask. [redacted] Then [redacted] would talk to them about narcotics and then he didn't want nothing to do with this other thing because the Ambassador was on his rear end.

Q Okay.

A For getting involved in this political thing.

Q Presumably when [redacted] would debrief them on narcotics, he would pay them from DEA accounts.

A Oh, yes.

Q For that information.

A Well, some money, I think, yes. [redacted]

Q What money was that?

A I think Tom Clines paid for that, [redacted] or Tom Clines paid for that. [redacted]

[redacted]

MS. NAUGHTON: While you are working your sources on the hostage issue and you are paying them, you are not making a record of what you are paying them; is that correct?

THE WITNESS: That is correct.

BY MS. NAUGHTON:

Q Did there come a point in time you met Michael Ledeen?

A Yes.

Q Can you tell us when you met Michael Ledeen?

A I met him in his office over at CSIS or whatever it is.

Q Why did you meet with him?

A Fawn had called [redacted] and said, can you meet this guy over at this CSIS place, the center for something for another. [redacted] had just read the newspaper where this is where McFarlane worked, too, so he thinks he has something to do with McFarlane.

MR. WOODCOCK: CSIS?

THE WITNESS: Yes, over on 18th Street. He calls me. I'm on leave. I have nothing to do with this whole thing. He says, "Look it. I just have a -- I am getting paid $30,000," I think he said, "contract with Continental Airlines," who just took over Eastern Airlines. He says, "I want to know how I can stop the United States Government from seizing all our planes down in Miami whenever they have cocaine on board." That was it.

I said, "I don't have anything to do with this. I hate Miami. I don't even go there." I said, "Best thing you can do is go down and talk to the people in Miami. What are you talking to us for? I think [redacted] made arrangements for him to meet our regional director in Miami and regional director in New York.

It was -- other than that he inferred he was a very good friend of Ollie's. That is all, a very close friend of Ollie's.

BY MS. NAUGHTON:

Q Was that your only contact with Mr. Ledeen?

A Only time.

Q I want to ask you about some other names and some other things and see if they are familiar. Did North ever discuss with you [redacted]

A Not with me, no.

Q He never mentioned the name?

A I don't want to be -- I believe the name came up, but he never mentioned it other than this guy is a pain in the neck or something [redacted] He never mentioned it to me.

Q Did he ever mention the name, Quinnones?

A No. He mentioned this guy, Hull, down there a lot. That is the airport? guy, the landing strip.

Q What did he tell you about John Hull?

A He said this guy is getting a bad reputation because he is right on the border there, and we are using his facilities. I don't know. Really we never had anything to do with this down south.

Q I am not questioning that.

A No. Quinnones? No.

Q Did he ever talk to you about Hull and any allegations about drug running?

A Yes.

Q What was that conversation about?

A He said that he had received a letter, I think, from Hull.

end 3B bap

BY MS. NAUGHTON:

Q We were talking when we left about John Hull and what Colonel North had said about Hull and you mentioned that North told you he had received some sort of letter?

A From Hull implying that [redacted] was crooked and he was bribing some of our agents down there. Along with the United States Customs and the DEA, had checked everything out and had found that the letter was a bunch of crap, you know, was baseless. I think that is on record. I think Ollie brought that to Mr. Lawn's attention or to the head of our inspection detection.

Q How do you know that?

A I think I saw the letter. That may be where that Quinones -- is [redacted] down there?

Q No. No.

A It was something like that. It was one of those Spanish names. It was [redacted] I think.

Q Did North write the letter to Lawn? You said you saw it.

A No. This was an anonymous letter sent to North about Hull or from Hull implying that --

Q Wait. It's not an anonymous letter from Hull.

A It was a letter. I don't know who signed the

m2

letter. It was in Hull's behalf saying that he is getting hassled all the time because [redacted] are crooked and he thinks the DEA -- he called them FBI, narcotics agents, were crooked.

Q As part of that discussion and the others, did you ever hear about any DEA agents down there rousting out an informant by the name of either Kelso or Williams that was working for Customs?

A Never, never. I don't know. I don't specialize in --

Q I understand that.

A I have nothing to do with South America.

Q I'm just asking if you have ever heard anything about that.

A No.

Q Did you know any of the agents in Costa Rica at the time in '85 or '86?

A Yes.

[redacted]

[redacted]

Q Did Colonel North discuss with you the lawsuit that was filed by Honey and Tony Avirgon?

A No. Robinette did.

Q Did you already relay that discussion or were there other discussions?

A No. Robinette was very interested in that only because -- I think I testified before that his client, Tom Clines, was mentioned. He said do you know this guy Shackley? Do you know this guy -- said about 30 names. I said I know Shackley only because I read about him in the book. He said well, can you find out anything about him because he figured one guy was a rat in the thing, you know, one guy was squealing. I don't know anything else other than that.

Q What about a guy named [redacted]

A No.

Q Never discussed that with Colonel North?

A Never.

Q Did you know anything about Mario Calero's plane

m4

being stopped by DEA full of drugs? Did you ever hear about that?

A Never.

Q Did he ever discuss either Mario or Aldolfo Calero with you?

A No. I want this on the record. I don't think Colonel North would ever -- he may beg, borrow and steal money but he would never do anything with drugs to get money for, I don't care whether it's anti-communists or pro-communists. He would never do anything like that. I believe that strongly.

Q I am asking though about Mario Calero. Did he ever mention to you?

A No. I saw pictures of Ollie and Calero together with the President and everything like that, but I never.

Q Through DEA did you ever come to learn that Mario Calero had been busted in any way or his plane searched and narcotics found?

A No.

Q Could you give me a sense in your dealings with Colonel North, could you give me a sense of Fawn Hall's role in that? In other words, could you leave mention with her of substance? Would she be called upon by Colonel North to actually transact any business or do anything or

m5

was she simply a message taker?

A I think simply a message taker. She at one time let's say gave me an envelope. She says look, Ollie left this. I don't know what is there. It is for you. It was some travelers checks. But it was a double envelope, you know, and it was very thick. So I wouldn't think --

Q Did she know what you were doing?

A To get the hostages, yes.

Q Did she know you were DEA?

A Oh, yes.

Q Did she know the details of what you were doing? In other words, would you leave mention with her?

A No. Just say Fawn, as soon as Ollie gets back have him call me either at home or at the office or wherever.

Q Okay.

You mentioned Colonel Earl about one conversation you had with him.

A I am not sure it was Earl. Might have been the other guy. There were two guys.

Q Coy?

A Craig Coy.

It was one of them. I think it was Earl though.

Q Aside from that conversation did you deal with either of them again?

A No.

Q Did you ever meet Admiral Poindexter?

A Yes.

Q When was that?

A Very early in '85 I would say about March or April in Mr. Hickey's office. He came in when he was still the assistant. I think it was our first trip back and he was very enthusiastic. He knew all the times and the names of the people we were talking about, [redacted] And you know he knew all the people. He knew all the names anyway. He was very enthusiastic.

Q Was there a discussion at that meeting about money?

A No.

Q Did Mr. Hickey ever take any steps to try to see if he could get some money for your project?

A No. General, I will tell you how it evolved. Hickey's aid was General Caulfield. Caulfield, when I came back and A~~ss~~zzam wouldn't give us the 200,000 that the CIA had already given them to us but he wouldn't release it, Caulfield says let me make a call and I will see if I can set something up. That is when I met Ollie North.

Q Was that your only involvement with Caulfield?

A Other than friendship, yes, sir, personal.

I mean whenever I met Hickey, Caulfield was there. Hickey wouldn't go anyplace without Caulfield I don't think.

Q Now, do you know whether or not Colonel North had any dealings with [redacted] in attempting to extricate the hostages?

A No. I don't know. [redacted] and I did.

Q Why don't you tell us what that was about.

A We met with [redacted] Somebody had mentioned that we ought to talk to this guy because he was very interested in getting Father Jenco out. He said [redacted] may be able to provide a little monetary assistance. Other than that, it never went any further.

Q You discussed it with him?

A Yes.

Q Did he take it to [redacted]?

A I don't know. It never went any further as far as I know.

Q You never heard back?

A No.

Q Did you tell Ollie you were going to do that?

A Yes.

Q Did he encourage that or discourage it?

A No. He said fine. Any way you can help, help.

Q But he did not tell you --

A He said fine. I need all the help I can get. If you can do that, do it. It was one of [redacted] superiors that suggested that we do this, Frank Manastero.

Q But what period of time are we talking about that you went to see him?

A Early on. I would say the first part of '85.

Q Do you know whether or not Colonel North was involved in any [redacted] or whether he was involved in [redacted] in regard to extricating the hostages?

A No.

[redacted]

UNCLASSIFIED

PAGE 181

DENIED IN
TOTAL

UNCLASSIFIED

m10

[redacted]

Q While we are on the subject of assassination attempts or plots, did you, when you were in the company of these people, now talking about whether it be Robinette or Clines or Colonel North, anybody that you met through these activities, with the exception of sources or people in the Mideast, was there ever any discussion of any assassination plots or dealing with any assassins?

A No.

Q Is that no?

A No.

Q Now, Colonel North has testified before the committees that he and Casey -- and it was Casey's dream to have sort of an off the shelf separate enterprise or organization that he could call upon to conduct activities throughout the world, were you aware of any of this plan?

A No. I was not aware of any.

Q When you heard that at the hearings, were you surprised?

A No.

Q Why not?

A I think being around Ollie as much as I was, he was talking to Casey just about -- I don't know what he was talking about but he was talking quite a bit. I'm not saying Casey -- he was talking to a lot of people. I know he had these plans and I mean it's just, you just know. But I don't think he was really going to assassinate anybody or anything.

Q What do you think this enterprise was for and

m12

what were they?

A I don't have the slightest idea about that.

Q Did Ollie ever mention to you that they were building up a contingency fund or surplus of funds or that in due time they would have a lot more money, anything like that?

A No. He never had any money as far as I am concerned. He had money but he never had enough.

Q Did Ollie ever mention Zucker to you?

A No. Copp was the only one who was mentioned. I met Copp through Ollie so therefore I met Zucker through Copp, so Ollie must have known I was meeting this guy.

Q Ollie never discussed Zucker with you?

A No.

Q Did Ollie ever mention Albert Hakim to you?

A No. Not to me.

Q What about a guy named George Cave? Did you ever meet him?

A No.

Q Did Ollie ever mention him?

A No.

[redacted]

Q Were any of your dealings recorded on any sort of tape?

A No. We were going to but we never did.

Q Do you know whether or not [redacted]

A I don't know.

Q Did you ever discuss that with them?

A Yes, sir, because they always wanted to know are you guys going to be wired? We say no. They say why not? How are you going to have a record of it? I said we will just try to remember.

Q Why didn't you want to record them?

A Why didn't we?

Q Yes.

A I never do that. If I can't trust the people I'm with, let alone the people I'm meeting, I trust the person that is taking me to the meeting. If I can't trust him then I'm not going to the meeting. If I can't remember what transpired during that meeting, then I'll send the guy back by himself or I will go back and find out. I don't need a record of it. Even at DEA I never get wired.

[redacted]

[redacted]

BY MS. NAUGHTON:

Q Did North or anyone else ever show you any briefing papers prepared for the HLTF?

m15

A No. I never had anything to do with that. I never had anything to do with it, didn't want anything to do with it. That's why I handed it to Azzam and he handled the TWIG group 2.

MS. NAUGHTON: I think I'm going to stop for now.

EXAMINATION ON BEHALF OF THE SENATE SELECT COMMITTEE

BY MR. WOODCOCK:

Q Does the name Robert Fisk mean anything to you?

A Fisk, F-i-s-k?

Q Right.

A Other than -- there's a U.S. attorney in New York by that name a long time ago. Same guy?

Q That's not clear. [redacted]

Q Are you familiar with a plan in June of 1986 that m16 involved getting the hostages out for a figure of $10 million?

A No.

Q You testified that as things began to get more difficult for Lt. Colonel North and people were searching, were they searching him? Was that the problem or who was being searched?

A It was just they tightened up everything in the EOB. We use to be able to carry our gun in there and then they stopped us and you had to put it in a little safe so then we started leaving it outside and putting it in the trunk of the car.

Q This tightening of security wasn't aimed at North?

A No. I think it was something after somebody climbed the White House fence they tightened security. He did say one time when I called I will meet you outside.

Q Why is it he couldn't give you money inside?

A He said they are really searching everybody. I can get in any time I want. All I have to do is call and put them in the computer.

Q It wasn't a problem for you to get in, is that right?

A Right.

Q Then why was --

A It would be a problem getting out unless he went

m17

out the side door.

Q Wait a minute. The problem for you to get out with the money; is that correct?

A I don't want to make it sound like I was trying to scam something or something.

Q I understand.

A If he owed me $6000 and he gave me $6000 but then if they wanted to they would stop you. I think somebody tried to do something in EOB or something, I don't know whether they ripped something out but they were looking at everybody closely. He said it's better if I meet you outside.

Q Was he afraid you would be searched on your way out and this money found?

A I don't think he was afraid of it. I think he thought it was better for both of us.

Q So he met you outside and gave you the money outside.

A This was the last time, yes. Everybody knew something was coming down.

Q Where did you end up having the money exchange take place?

A Hardee's.

Q Hardee's?

A Yes. 18th Street.

Q Is that a burger place?

A Hardee's, H-a-r-d-e-e-s. It's like McDonald's.

Q Would it be safe to assume that too would be unique in your government experience, that you would have your expenses reimbursed in a Hardee's?

A No, that would not be unique at all.

Q It would not be unique?

A No.

Q Did DEA regularly reimburse you in hamburger restaurants?

A You are making it sound a little -- no. Usually I would get my money from DEA offices.

Q Sometimes in a government check, right?

A No, I never get a check. Always get cash.

Q That's before you make the expenditure or after?

A Usually after, Sometimes you take out a traveler advance or something like that.

Q Did it strike you unusual you were getting your travel expenses reimbursed in a Hardee's?

A No, because that was the way Ollie did business. It was like our meeting in the Old Brogen. I don't even know what we went there for other than -- we didn't discuss anything. Charlie Allen and Ollie -- Charlie Allen and [redacted] were there. [redacted] and I were there. It was a Friday night. We couldn't discuss anything in the place.

What we went out there for I haven't the slightest idea.

Q Let me get back to the Hardee's exchange. What was that reimbursement of expenses for? What expenses had you incurred?

MR. SCHIPPERS: He can tell you this in a narrative. Want him to do it that way?

MR. WOODCOCK: Go ahead.

THE WITNESS: I think I called him and I said -- this is about a week before or two weeks before. I said hey, American Express is after me. I need this money you know. When can you do it? He says give me ten days, a week or ten days. So I called him back and he said all right, you know. I have got it. How much is it though? Because this time he wanted pretty exact, you know. Usually he was 57, 67, something like that. This time it was pretty, you know like it came down to 70 or 80 dollars, something like that, plus whatever the amount was.

BY MR. WOODCOCK:

Q What was the total amount, do you recall?

A No.

Q Was it more than a thousand?

A Oh, yes.

Q More than five thousand?

A I think it was around six, something like that, 6700, 7000.

m20

Q He wanted a more precise figure out of you than usual?

A He came out. He had one of these things.

Q One of these is an accordion folder, is that right?

A A similar thing. He came out and pulled a yellow envelope out of that and he is sitting in Hardees and he went -- and he said this will take care of this. I didn't even look at him because I trusted him. No. This was five grand, 56 hundred for [redacted] because I picked [redacted] money up. [redacted]

Q So you picked up money for [redacted] as well, is that right?

A Yes, sir, and I gave it to his wife.

Q You say North was a little more particular about the amount that you were requesting than usual. Do you know why that was?

A No. I think it was because he was very close to the -- I don't think he had that much.

Q In the past would he just ask you for round figures?

A Not round figures. We would say we spent $5800. He would give you $5800. We didn't come down and say $5800 and 65 cents or 5822 or something like that. We would

m21

just say. It's not like sometimes he would round it off the other way, you know. It was always if it was 5822 he would give us 5825 maybe or 5820. But mind you, this was all on my credit cards, [redacted] credit cards. So we are paying interest at 19 percent interest on our credit cards sometimes for two or three months.

Q Did you factor that in, too?

A No, never. We never charged him telephone calls. I've got telephone bills I could paper this place.

For two years I used my personal car parking, $13 a day not counting mileage, gas, wear and tear on my vehicle, picking up this shylock here.

Q Let the record reflect the shylock is David B. Schippers.

A Really I was doing this more than -- I was doing it for my narcotics job ~~but~~, I was doing it also because I believed in what I was doing. Once I talked to Ollie the first or second time, man I believed.

Q Did you ask him why he had to be more precise this last time around?

A No. I knew something was going on.

Q What did you think was going on?

A I think the whole thing was coming down. There was already word in the newspaper and everything about the trip to Iran and all that.

m 22

Q You thought the operation was at an end, is that right, coming to an end?

A Getting close.

MS. NAUGHTON: If I can jump in, did Ollie mention to you in either October or November that he was in the process of cleaning up his files?

THE WITNESS: No.

MS. NAUGHTON: There was no indication he was shredding documents of any kind?

THE WITNESS: No.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MS. NAUGHTON:

Q Did he make reference to the fact in either October or November that he was planning on leaving the National Security Council staff?

A Never.

We may joke some time, said Ollie, you better never go back to the Marine Corps because these guys will kill you when you go back there. He would order generals, three star, four star generals he would tell them the President wants this. That's the way the guy was.

MR. WOODCOCK: One more question. Rafael Guintero, did that name ever come up in any of your discussions?

THE WITNESS: No.

MR. WOODCOCK: Did you ever hear the name when you were on your assignment?

THE WITNESS: Only in the newspaper.

MR. GENZMAN: I have nothing further.

MS. NAUGHTON: I have a couple other questions.

BY MS. NAUGHTON:

Q Did you ever discuss Ambassador [redacted] with Oliver North?

A Yes.

Q What did you discuss about him?

A Well, not really with Colonel North. It was more with Hickey. Getting a passport for the prince.

Q I understand that but --

A Nothing other than that.

Q Did you know that Colonel North knew Ambassador [redacted]

A I assumed it.

Q Did Colonel North ever talk to you about Ambassador [redacted]

A No. I did that primarily on my own through Hickey.

Q I understand that. I'm talking about any other conversations.

A No.

Q [redacted] I was just wondering if the subject had ever come up?

A No. I only met her that one or two times over there and one or two times at Hickey's house.

Q You met her at Hickey's house?

A Yes.

Q So --

A It was just you know, Christmas.

Q Social occasion?

A Never to do anything with this. I just said hello.

Q Did Colonel North ever discuss her in your presence?

A No.

Q Ever heard of a general named [redacted]

A No.

Q Never heard that name in Ollie's presence?

A Never.

Q Did you watch Colonel North's testimony before the select committees?

A Yes. I didn't watch the whole thing.

Q Was there anything in that testimony you recall him saying that does not comport with your recollection, what you heard or saw?

A Not that Colonel North said, no, not that I can -- I didn't see the whole thing but you know, I didn't hear anything that was out of the ordinary. What General

m25

Secord said, that's a different story.

MR. WOODCOCK: You are referring to the reference to the Druze militia?

THE WITNESS: No.

MR. WOODCOCK: Nothing else?

THE WITNESS: No.

MR. WOODCOCK: Nothing else in Secord's testimony that struck you as incorrect?

THE WITNESS: No, not that I can think of right now.

BY MS. NAUGHTON:

Q Did you ever meet Robert Owen?

A I don't think so.

Q Did North ever discuss Robert Owen in your presence?

A No. I only met this guy Craig Coy and Earl by accident actually. They worked down the hall from Ollie's office.

Q What about Buck Revell, Assistant Director of the FBI? Did you ever see him in Ollie's office?

A No.

Q Have you ever met him?

A No.

Q Did North ever refer to him?

A Yes.

m26

Q In what context?

A Well, I know who Buck Revell was.

Q Sure.

A Mainly it was in a very respectable sense that Buck is the number 2 guy over there, you know. I think he liked Buck because they both had the same name, Oliver.

Q I think they liked each other for more reasons than that.

A I do, too, but I don't know.

Q Did he ever mention --

A I know he called him a lot.

Q Did he tell you what about?

A I think something to do with the prince or the jewel or whatever, [redacted]

A Can I just talk to you for a second?

Q Were there any criminal investigations -- I'm not talking about intelligence matters -- any criminal investigations in which North referred to any encounter with Mr. Revell, that is any criminal cases in which he called Revell about?

A No.

m27

Q Did Ollie ever mention being briefed by Revell on any ongoing criminal investigations?

A Not to me, no.

Q Were you aware that Colonel North was being briefed at any time by DEA on any ongoing drug cases?

A No.

Q Specifically, I'm referring to a case involving cocaine trafficking out of Miami and from Colombia via Nicaragua, and then to Florida. Were you aware that Colonel North was briefed in that case?

A I was not aware. There is only one time and that is when there was an allegation made in one of the Los Angele papers about some contra people got 50 kilos of coke or something in San Francisco or something. Fawn called and she said it's a big stink. Can you find out if it is true or not. So we called. [redacted] I went over to his office and we called and it was nothing to it. It was not contra people. It was some, you know, Colombians or something. That's the only time he ever asked to find out anything about drugs with us.

[redacted]

m28

[redacted]

Q Do you know whether or not Colonel North called Buck Revell to check out [redacted]

A No. I asked Ollie if he wanted an FBI guy. I said I've got the perfect guy for you.

Q You mean to help with the hostage location effort?

A Exactly.

Q And was Ollie interested in that?

A Yes.

Q What steps did he take?

A He didn't really take many steps. He wasn't that enthusiastic because he didn't trust the FBI. But one day I brought [redacted] over to his office. I knew [redacted] He was a personal friend of mine [redacted] [redacted] I said hey, maybe this guy can help us. I said anyway, [redacted] doesn't like to travel, you know. Two or three days and he is gone. So I said if I've got to spend all this time overseas, I want to spend it with somebody I like and that can help us and the FBI has connections. And that was it. Ollie said okay. I think

m29

he called Buck and said can [redacted] be assigned. I don't know what the outcome of it was because I never heard. [redacted] never did anything.

Q Did Hickey know [redacted]

A [redacted]

Q Yes.

A Yes.

Q Did [redacted] ever meet with North?

A Only the one time I brought him for about 20 minutes.

Q Colonel North met with Mr. Lawn in October of '86. Do you know what that was about?

A Yes. I don't know. I wasn't there. I understand it was about me and [redacted]

Q Did Ollie tell you this?

A No. [redacted] told me.

Q From whom had [redacted] heard it?

A [redacted] had set up the meeting.

Q What was the purpose of the meeting?

A Well, at this point in time it was almost two years that I had been working with Ollie, not quite two years. But I think Mr. Lawn was inquiring about what was going on, why we were -- I don't know what the meeting was. You have to ask them. I really -- I heard it went okay. That's all I heard.

UNCLASSIFIED

Pages 202 thru 204

DENIED IN TOTAL

UNCLASSIFIED

m33

[redacted]

MS. NAUGHTON: I think we have been pretty thorough but I always have that feeling like we haven't covered something we should.

Are there any questions or areas we should ask you about that might be important to our inquiry that we have not phrased in the right way or asked about?

THE WITNESS: No, I don't think so. I think I have been very forthcoming. I tried to explain most of my answers. There is always something you think about later but I think that in the long run, we tried our best and, you know.

MS. NAUGHTON: Is there anything you are relieved we didn't ask about?

THE WITNESS: No.

MR. SCHIPPERS. I can't think of anything you haven't covered.

We will not waive signature.

(Whereupon, at 2:50 p.m., the deposition was concluded.)

UNCLASSIFIED Rcpt 4 C 07500 39

18 MARCH 1985

CIA OFFICER

I [redacted] ACKNOWLEDGE RECEIPT OF $50,000.00 FROM [redacted] IN SU[illegible] JOINT SENSITIVE OPERATION. SAID AMOUNT WILL BE ACC[illegible]TED FOR IN FULL UPON COMPLETION OF APPROVED ACTIVITY. Agent

C

[redacted]

I

AGENT 1

[redacted]

EX. 1

8/12/87 MDO

Partially Declassified/Released on 24 Jan 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

A

4975

CIN [redacted] 3911

UNCLASSIFIED

1 June 87

House

UNCLASSIFIED

Stenographic Transcript of

HEARINGS

HSITS 165 /87

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

DEA AGENT 2

DEPOSITION OF [redacted]

Wednesday, August 12, 1987

4385

COPY NO. 1 OF 2 COPIES

COPY NO. 2A OF 2A COPIES

Partially Declassified/Released on 24 Jan 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

Washington, D.C.

TOP SECRET

ALDERSON REPORTING

UNCLASSIFIED

WASHINGTON, D.C.

UNCLASSIFIED

DEPOSITION OF [redacted]

Wednesday, August 12, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition
Washington, D. C.

Deposition of [redacted] called as a witness by counsel for the Select Committee, in the offices of the Senate Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 9:20 a.m., the witness having been duly sworn by MICHAL ANN SCHAFER, a Notary Public in and for the District of Columbia, and the testimony being taken down by Stenomask by MICHAL ANN SCHAFER and transcribed under her direction.

rtially Declassified/Released on 24 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED

UNCLASSIFIED

APPEARANCES:

On behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition:

TIMOTHY WOODCOCK, ESQ.
Associate Counsel
HENRY J. FLYNN
Investigator

On behalf of the House Select Committee to Investigate Covert Arms Transactions with Iran:

PAMELA NAUGHTON, ESQ.
ROBERT GENZMAN, ESQ.
Associate Counsel
ROBERT BERMINGHAM
Investigator

On behalf of the Witness:

RONALD S. MORROW, ESQ.
Suite 340
1900 Avenue of the Stars
Los Angeles, California 90067
(213) 272-9009

UNCLASSIFIED

UNCLASSIFIED

CONTENTS

	EXAMINATION ON BEHALF OF	
WITNESS	SENATE	HOUSE
[redacted]		
By Mr. Woodcock	4	
By Ms. Naughton		10
By Mr. Woodcock	10	
By Ms. Naughton		19
By Mr. Woodcock	19	
By Ms. Naughton		22
By Mr. Woodcock	24	
By Ms. Naughton		37
By Mr. Woodcock	38	
By Ms. Naughton		48
By Mr. Woodcock	49	
By Ms. Naughton		50
By Mr. Woodcock	51	
By Ms. Naughton		73
By Mr. Woodcock	79	
By Ms. Naughton		103
By Mr. Woodcock	110	
By Ms. Naughton		120
By Mr. Woodcock	126	
By Ms. Naughton		152
By Mr. Woodcock	153	

UNCLASSIFIED

UNCLASSIFIED

CONTENTS (Continued)

	EXAMINATION ON BEHALF OF	
	SENATE	HOUSE
By Ms. Naughton		167
By Mr. Woodcock	169	
By Ms. Naughton		174
By Mr. Woodcock	176	
By Ms. Naughton		180
By Mr. Woodcock	180	
By Ms. Naughton		189
By Mr. Genzman		190
By Mr. Woodcock	194	
By Mr. Genzman		199
By Mr. Woodcock	102	
By Ms. Naughton		215
By Mr. Woodcock	216	
By Ms. Naughton		234
By Mr. Genzman		254
By Ms. Naughton		262
By Mr. Woodcock	263	

EXHIBITS

[redacted] EXHIBIT NUMBER	FOR IDENTIFICATION
1	56
2	103

UNCLASSIFIED

PROCEEDINGS

Whereupon,

[redacted]

called as a witness by counsel on behalf of the Senate Select Committee and having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION

BY MR. WOODCOCK:

Q Would you state your name for the record and spell your last name, please?

A [redacted]

Q my name is Tim Woodcock. I'm Associate Counsel with the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. This deposition is being held under the authority of that Committee, under the resolution that enables it. It is, therefore, an official inquiry of the Committee and the information that is imparted to the Committee through this deposition may be used in fulfillment of its resolution.

Also attending here are Associate Counsel representing the House Select Committee on the Iran-Contra investigation -- Pam Naughton and Bob Genzman. I think it's fair to say that this deposition, too, is being held under the auspices of their enabling resolution and this constitutes an official inquiry of the House Committee as well.

Before we get into the immediate occasion of your having been called here, let me ask you, if you would, to just briefly cover your professional background.

[redacted]

Q Now, I assume that for the most part you've been a special agent of the DEA; is that correct?

A That's correct.

Q You are currently, however, in an administrative position with the DEA; is that right?

A Well, you could say administrative, yes. It's a line position, support position we call it.

[redacted]

[redacted]

Q So that brings you back to approximately what, 1984? Would that be correct?

[redacted]

Q So you were [redacted] were transferred here to Washington?

A Right.

Q [redacted] let me bring you back to your first involvement with attempts to locate and rescue hostages in Lebanon. Could you tell us when this first came to your attention?

A In January of '85.

Q How did it come to your attention?

A I had an agent, Agent #1 [redacted] contacted me sometime in January, and asked me if I had any sources that were involved with the Middle East.

Q Now that would be Agent #1 [redacted] is that correct?

A That's correct.

Q Did he explain to you why it was he was calling you, at whose behest?

A Yes. He said he was talking with Ed Hickey. Is it Hickey? Yeah.

Q And who did you understand Ed Hickey to be?

A He was an assistant in the White House. That's all I knew.

Q So when you got this, you say it was a phone call, from Agent #1 [redacted] did you and he get together on this subject?

A Agent #1 [redacted] and I did. We briefly spoke about the possibility of getting intelligence out of Lebanon or out of the Middle East regarding the hostages.

Q What steps did you take on that subject?

A I took none at the time. Agent #1 [redacted] said that we would be seeing Hickey and when we got an appointment we would go and talk to him about it.

Q Did you then get an appointment?

A Yeah.

Q And was that also in January?

A In January.

Q So what happened when you went to your appointment with Hickey?

A I met Hickey and there was a general there, General ~~Coffield~~ Caulfield. We had a very general meeting, talked about different things in law enforcement because Ed Hickey was a Secret Service agent at one time and he asked the question, you know, how was our network. How is our intelligence ability in Lebanon? And I told him. [redacted] And he asked about, in general, the hostages and the people who I thought was holding them, et cetera. And I explained to him that these are terrorists who are also narcotic dealers, that the [redacted] and the [redacted] is noted for its traffic in hashish and manufacturing of heroin.

Q Now were any plans made at this meeting to go forward?

A Well, there was some concern about the hostages, and particularly Buckley.

Q That is William Buckley?

UNCLASSIFIED

A That's correct.

Q And did that concern express itself in any next steps planned at that meeting?

A Concern about Buckley was very heavy.

Q And did you and Hickey and agent/ [redacted] and Coffield agree on what the next step should be?

A Well, we decided we would probe contacts and sources of information and see what the feasibility is, the actual feasibility of gleaning intelligence and collecting it in a timely manner.

Q Now, did there come a time when you brought this to the attention of your superiors at DEA?

A I sure did.

Q When did that happen?

A In January, subsequent to this meeting. I contacted my immediate supervisor. I told him --

Q Who was that?

A [redacted] And we went right up the ladder. The next person up was Dave Westrate -- W-e-s-t-r-a-t-e. After him was Frank Monestero -- M-o-n-e-s-t-e-r-o. And last, but not least, Mr. Lawn, John Lawn.

Q Now, as you went up the ladder --

A Each level had to approve to the upper level. You know, the chain reaction type of thing and finally

UNCLASSIFIED

had a briefing with Lawn and that was it.

BY MS. NAUGHTON:

Q Excuse me. Had Bud Mullen left by this time?

A No. He was there.

Q Is there any reason he wasn't told about this?

A Well, I didn't have an audience with him, if that's what you mean. He was the Administrator.

Q But do you know whether or not Mr. Lawn told him about it?

A I'm sure Bud Mullen approved it. I'm sure he was briefed.

Q When you say you are sure he was, do you have any indication that he was?

A Only what [redacted] would tell me or Westrate or Monestero.

Q And what did they tell you?

A That is was approved by the Administrator.

Q At that time that was Mr. Mullen?

A Right.

BY MR. WOODCOCK: (Resuming)

Q Now you say it was approved ultimately by the Administrator. What precisely was approved by the Administrator as you understood it?

A What was approved was that we would try to set up a network in the Middle East in order to get information regarding the hostages, but we wouldn't do it strictly for information on hostages. We would do it in two phases. One would be narcotics investigations, which would be handled by some of the agents in the area. And the second part, that would be handled by Agent #1 [redacted] and me, was the hostage information, intelligence, however you'd like to call it.

Q Now, agent #2 [redacted] to your knowledge was this proposal ever reduced to a memorandum form and sent in to someone's desk, or was it all done orally?

A It was all oral.

Q Now on the same subject, you understood that this was basically a split authority, that there would be some concentration on the narcotics side and there would be concentration, specifically you and agent #1 [redacted] on the hostage information side; is that correct?

A Um-hum.

Q Did you also understand that this plan comprehended more than simply information on the hostages but also rescue of the hostages?

A In my mind I understood that. If I had a chance to extract them, I would have done it.

Q Now, did you have any understanding as to what your reporting requirements were to DEA on this project?

A My reporting requirement at the time was to

UNCLASSIFIED

Abe Azzam, who was put in charge of this operation by Monestero.

Q Now, I gather there came a point when you actually met face to face with Mr. Azzam on this subject; is that correct?

A Yes.

Q And when did that happen, to the best of your recollection?

A In February, early February. Azzam was on a trip overseas, so we decided to kill two birds with one stone, so we contacted some sources [redacted] and we told them to meet us [redacted] And then I contacted Azzam [redacted] and told him to meet us [redacted]

Q Now when you say "we contacted" --

A Well, I contacted -- me or agent #1 [redacted] did it.

Q I'll be asking you that from time to time. I know that you and agent #1 [redacted] worked as a team.

A I couldn't tell you if he did or I did, but it was one of us.

Q One or the other?

A Right.

Q And so Azzam was contacted, and I gather a meeting then ensued; is that correct?

A We met [redacted]

UNCLASSIFIED

Q Now who was present at the meeting?

A It was myself, Agent #1 [redacted] Azzam, [redacted] Agt #3 [redacted] and an agent [redacted] who was [redacted] The agent in charge of that office wasn't around, so that's why the second agent came.

Q What was the purpose of this meeting [redacted]

A Well, primarily in a manner of getting intelligence, [redacted] So that's why he was present.

Q The source was present?

A Well, the source -- [redacted] breaking them down one by one. [redacted] was there because we picked [redacted] and he ended up being there.

Q So it was his turf?

A Yeah. What can you do? And we decided that it would probably be the best place to meet in the future [redacted]

Q Now, I gather there came a point in the course of this meeting where one of your sources appeared as well; is that correct?

A We had a source and a sub-source.

Q Now the source -- let me just give you a generic description and see if this is the person that you were dealing with. [redacted] Is this the person you were dealing with?

A Yes. We'll call him Source 1 as the interview goes on. How's that?

Q All right, Source 1.

A Because there will be some other sources, and we'll number them.

Q [redacted] Is that Source 2?

A That's correct [redacted]

Q Now, Source 1 came to the meeting, I gather, to be briefed on what it was you people had in mind; is that correct?

A Well, I had talked to him in the State originally about what the feasibility is [redacted] So then we met there again to talk about the feasibility of setting up a network and the movement of information, location of hostages, and along with that we also discussed the narcotic part of it and how we wanted information [redacted]

We wanted narcotic information to come out at the same time, [redacted]

Q Now by this time was Source 1 agreeable to cooperating on this, on the hostage side?

A He volunteered, yes.

Q And how about Source 2?

A Source 2 agreed, yes.

Q What happened next?

A We all got up and went home, basically. We had agreed with it. The sub-source went back into the [redacted] and I think Source 1 came back with me. No, they both went back [redacted]

Q By this time I gather your operation had formal SEO designation; is that correct?

A A special enforcement operation project was assigned to this initial phase, and so we had some money to travel and we had some money to pay source and expenses.

Q Now after this meeting [redacted] what was the next step?

A Well, the next step was that we met with, of course, my people, with [redacted] and Monestero and everybody. At that time Azzam was in charge, so when Azzam was in charge you don't have to do anything any more; he does it all.

Q You mean administratively?

A Everything -- verbally, administratively, supervisory. So we were just kind of there waiting for calls from the sources.

Q You and [redacted]

A Yeah.

Q Fifth wheels? Is that what's happening here?

A Yeah. We were the second channel, I guess, or third channel maybe.

Q Well, since Azzam is in charge and Azzam is doing everything --

A So he was briefing everybody. He briefed Monestero.

Q What was happening, then, from your perspective?

A He briefed Monestero and we were told that the thing was still authorized, to do it, and he then was assigned to some committee called Hostage Recovery something.

Q The Hostage Locating Task Force?

A Yeah, that's right. So he had his Monday morning meeting there.

Q And that's Mr. Azzam you're talking about?

A Mr. Azzam. So he got very close to the FBI, and meanwhile there was only one or two FBI agents there, but primarily he got very close to CIA in that meeting.

Q Okay. Now what's happening? I mean, Mr. Azzam is joining the Hostage Locating Task Force. He's briefing Monestero. What are you doing?

A Basically he's in control of it and we were getting phone calls on occasion from Source 1 giving us some information regarding the location of the hostages, about their health and their movement.

Q And you are passing that on to Mr. Azzam?

A I'm passing that on to Mr. Azzam. Matter of fact, I gave him some notes, brief notes, on it which then he would -- I don't know what he did. I guess he briefed the Committee on what a great job we were doing.

Q Let me back you up a little bit on this. You are getting phone calls from Source 1.

A That's right.

Q Now does Source 1 call only you, or does he feel free to call [redacted]

A He'll call [redacted] if he can't find me.

Q So these communications that are coming in from Source 1 are coming either to you or [redacted]

A Right.

Q And do you then share them with [redacted] and bring them up to Azzam?

A Sure.

Q And he vice versa; is that correct?

A Yeah, sure.

Q Now, during this period -- let's confine this to the month of February so far -- what's happening with Source 1 from the information that he's giving to you?

A Well, we're getting information regarding the groups that are holding the hostages and the politics of it [redacted] We'd give it to Azzam and Azzam gave it to the CIA.

Q And I gather the Source is traveling [redacted]

A Well, the source has come out, right? And then he has set up somewhat of a network that he can call the sub-source that we met [redacted] and other people that he started to develop, other persons [redacted]

Q Now, does there come a point when you get the understanding that CIA is also becoming involved in this?

A Oh, yeah. We knew that CIA was involved in it always.

UNCLASSIFIED

Q From the start?

A Sure.

Q Even in January?

A Yeah. When we had a meeting with Hickey he said the CIA was involved in it. That's where the Buckley thing came out [redacted]

Q Buckley's status was a sensitive matter?

A Why it was necessary to pull Buckley out of there. You're aware of that, right?

Q We're aware of that.

A So were we aware of that.

BY MS. NAUGHTON: (Resuming)

Q Excuse me. Did Hickey tell you that he knew Buckley personally?

A Yes.

Q What did he tell you about their relationship?

A Nothing. You know, he just said he knew Buckley [redacted]

BY MR. WOODCOCK: (Resuming)

Q So you understood that CIA had an interest in

UNCLASSIFIED

this all along. You also understood they were actively involved in the DEA side of it from the start; is that correct?

A Well, not the DEA side. They were actively involved in their own side of it. We knew -- you know, we had some, let's say, coordination with them because of Azzam's job on that Committee and his meetings with them all the time.

Q Did there come a point when you understood that CIA was actually funding this along with DEA?

A Well, somewhere down the line we had a few meetings and we got a little money from them. We figured we gave them all this information; they should give us something.

Q It's not an inequitable thought.

A And since our information was the best coming out at the time --

Q Now, when you say "we had a meeting with them", is that you and [redacted]nd Mr. Azzam?

A Well, Azzam always met with them. Let me see. I have some chronological order here. As I said, Azzam was the one in charge of this operation, so he met with the CIA more than anybody, and we then, [redacted]nd I and Azzam, met finally with a couple of CIA people regarding this matter. And that's when it was agreed they would give us $50,000 in operation for sources.

Q And they gave it, I gather, directly to [redacted] is that correct?

A They gave it to [redacted] right.

Q Do you recall the names of the CIA people?

A One was [redacted] and I don't know. I recall [redacted] a guy named [redacted]

Q [redacted]

A [redacted] right. These are the people I think we met. [redacted] though, I saw a few times.

Q Would it be fair to say that would be approximately mid-March when that money would have changed hands?

A Yeah, exactly.

Q Now after you received this, what, $50,000 from CIA; is that correct?

A Right.

Q What did you do with it?

A Well, initially we made a payment in mid-March to Source 1 of $20,000.

Q And that's you and [redacted] when you say "we"?

A That's correct. Which we, by the way, used a DEA receipt to acknowledge the receipt of the money, just a habit, I guess.

Q Prudent. What was the purpose of giving the money, the $20,000, to Source 1?

A Well, he was traveling back and forth and the round-trip ticket from the States [redacted] was approximately a [redacted] round-trip, and he's been paying that out of his own pocket and his own expenses. So we started giving him some money.

Q Now, was some of that to reimburse him for prior expenses?

A Well, no. We had some DEA money which we gave him prior to that, but to set up this network it required for him to go [redacted] So we gave him what expenses we could afford.

Q So some of the money was travel money. Was that money also intended to go to help him set up the network?

A Oh, his network, sure. He had to give them money. [redacted]

BY MS. NAUGHTON: (Resuming)

Q Can I go back one step? Excuse me. In February you met with the source [redacted] is that correct?

A That's right.

Q And you paid the source at that time $20,000?

A No. We paid that source $20,000 in March.

Q There was no exchange of money, then, [redacted] [redacted]

A We may have paid him through a DEA account.

Q That's my question. I'm not talking about the CIA money here. I'm talking about DEA money.

A We may have given him some money in February from a DEA account.

Q Do you know how much that was?

A I have it written down. I'd have to check it.

Q Do you have it written down here?

A Sure. Okay. In early February he got $5,000, and then again in February he got another $3,000.

Q And this is all to Source 1?

A To Source 1. He got $8,000 in February.

Q If I can back up, February 26 or thereabouts you took a trip to [redacted]

A Yeah, around that time we did take a trip [redacted] [redacted]

Q Now, was that to meet with Source 1?

A Right.

Q Was Source 1 paid money on that occasion?

A Probably part of that $8,000 was paid then.

Q Do you have any recollection of the source being paid more than $8,000 on or about February 26?

A I don't think so.

Q So the most you remember paying Source 1 in February of '85 is a total of $8,000?

A That's correct.

Q And that was DEA money, not CIA money?

A That's correct.

BY MR. WOODCOCK: (Resuming)

Q That recollection on the $8,000 is based on the documents you produced. Is that a DEA document?

A That's correct.

Q And that's a DEA document showing disbursements to Source 1; is that correct?

A That's correct.

Q Would the source have been getting monies from any other source than DEA?

A Not that I know of.

Q Not from you or [redacted]

A Not from [redacted] and I, no.

Q And that's limited to that period of February?

A Um-hum.

Q Now after you gave Source 1 the $20,000 in March, what did he do? What were his marching orders?

A [redacted] to further develop the network that was starting up and start retrieving information.

Q I gather he did so; is that correct?

A Yes. He started that up and he started developing also narcotic information and sources of narcotics[redacted]

Q He was reporting back to you during that time; is that correct?

A He reported to me about the hostage stuff, yeah.

Q And is this trip taking place in March or April?

A Well, you know, it's hard to say. I know we took a trip in April to meet him.[redacted] But he could have come and gone a couple of times before we got there, so I really don't know. That's as best we can recollect and tried to reconstruct this thing.

Q So as best as you can recall he was in and out [redacted]

A Sure.

Q In the month of March and April, and during that period of time was reporting back to you and [redacted]

A Right.

Q As he could find you?

A That's correct.[redacted]

[redacted]

Q Would he ever call Mr. Azzam directly?

A I don't know. I don't think so. He may have, though, you know, but I don't remember.

Q Now in your discussion with the CIA, the one that you had you recall with [redacted] and [redacted] and [redacted] was there any discussion about trying to determine the bona fides of the people with whom Source 1 was dealing?

A Eventually.

Q But that did not occur in March, to the best of you recollection?

A I don't think so. I think it came a little later.

Q When do you think that occurred?

A April, April-May, probably April.

Q How did that come about?

A Well, [redacted] and I went [redacted] We met with the source, and then we proceeded [redacted] to meet [redacted] [redacted] and [redacted] and the source briefed

Q Let me back you up. Before that meeting [redacted] you don't recall any point at which the CIA suggested any particular kinds of bona fides be demonstrated by the persons with whom Source 1 had contact; is that correct?

A You know, Azzam could have had these meetings. As I said before, he had a lot of meetings with them. But eventually I know that we had a meeting and we talked about bona fides. We talked about evidence. And I don't know. It was in the April time frame, as far as I can recall.

I think it was subsequent to this meeting [redacted] [redacted] with [redacted] because we had a hassle with [redacted] who didn't remember a damn thing. Okay?

Q We'll get to that. So you had met with [redacted] beforehand and at some point I gather you set up this arrangement where he was going [redacted] and you would meet the source there; is that correct?

A No, no, no. [redacted] If I recall, Azzam called us and said [redacted] meet [redacted] and have him debrief Source 1.

Q Okay. You were [redacted] I presume, to deal with Source 1; is that correct?

A Yeah.

Q And is it your recollection that when you went [redacted] there was no plan in place for you to meet with

A That's correct.

Q And once you got there you got a call from Azzam, [redacted]

A Go meet him, because it wasn't in the itinerary and we had to redo our ticket [redacted]

Q When you say "we", that's you and [redacted]

A [redacted] and I and Source 1. We had to pull him out of there, too.

Q Why were you [redacted] meeting with Source 1?

A For information to see how the network was being put together, to see what information was coming out of there [redacted]

[redacted]

Q Now, when you went [redacted] it was you, [redacted] [redacted] and Source 1?

A That's correct.

Q You met [redacted]

A Right.

Q And what happens?

A We brief [redacted]

Q And what's happened up to this point? What do you tell [redacted]

A Well, he was being told the names of the players, the location of the hostages, things like that. I mean, it was while we were sitting there in a hotel lobby for about an hour or so.

Q No one else present, I gather; is that correct?

A Just him, myself, [redacted] and Source 1.

Q And was [redacted] supposed to perform some kind of evaluation -- was that your understanding -- of Source 1?

A I don't know, because it was very flighty and he said I don't know what I'm doing here. He said, but it's nice to be in [redacted] Let's have a drink. So we had a drink.

Q Did he tell you who had sent him there?

A His people had sent him there. There was no doubt of that. But I don't know who.

Q Apparently they didn't tell him why he was there; is that correct?

A Well, his remark was, I don't know why I'm here, so I said I assume you want to brief Source 1 -- want to debrief Source 1. He says, okay, let's do it.

Q Now let me return to the subject of the bona fides. Did [redacted] bring up the subject of Source 1 establishing the bona fides of his contacts?

A He may have, yeah. I don't recall specifically that it was at that time. I recall it in a meeting in Langley after this trip, that we sat in this meeting and there was quite a few people in this meeting, and that's when bona fides came out.

Q Why don't we go to that?

A Because that was the first time, you know, that Azzam allowed us to be involved in his coordinating group with the CIA.

Q I'm getting the impression from some of your remarks -- and you can correct me if I'm wrong -- that you felt as though Azzam kind of shut you out of this, out of the upper levels of this; is that correct?

A No, no, no. Azzam was in charge of this. Until I tell you he's not, he was completely in charge of this, and it was his call, not [redacted]

Q I understand that. I understand that he was in charge and that you were his subordinate, but I'm getting the impression from what you are saying that you felt as though he was closing you out of certain areas. Is that unfair?

A No, I don't think he was closing me out, no. I just said he was in charge. He was supervising it. I didn't have to agree with what he's doing, all right, but I followed his orders.

Q Now did you come back directly [redacted]

A We did, yeah.

Q And that was you and [redacted] and Source 1 coming together?

A Let me see. I think Source 1 went back in. I think he went back in because I have notes here of [redacted] and [redacted] back to D.C.

Q Now you get back to D. C., and what then happens?

A We had a meeting with Hickey, Poindexter, Caulfield ~~Coffield~~ and North at the White House.

Q Now before we get into the substance of that meeting let me ask you a couple of questions about these people. You have already testified that you met Hickey in January.

A Um-hum.

Q Did you continue to have contact with him in the interim up until this meeting you're talking about?

A [redacted] did. That was his contact.

Q So to the extent there's a contact it's through [redacted]

A He required that as we did what we were doing to keep him always posted, and so that was [redacted] job.

Q So [redacted] would keep him regularly posted?

A Sure.

Q Was that something that Azzam was aware of?

A I think so, yeah.

Q Now how about Colonel ~~Coffield~~ Caulfield? Had you met with him in the meantime?

A I think we met one time beforehand. We had met in February and we brought Azzam there, you know, because he wanted to meet these people, and we had a general meeting, again about the logistics of getting intelligence out of Lebanon.

Q And is that ~~Coffield~~ Caulfield and Hickey that you're meeting with at that time?

A Yeah, right.

Q And this is following [redacted] meeting; is that correct?

A Yeah, right. That's exactly it, and that's why we went over there. We gave them basically the final word that this was feasible in February.

Q Now how about any other meetings with ~~Coffield~~ Caulfield between the meeting in February and the meeting you were just about to describe in April?

A I think the only one I was at was at this April meeting. In March we had the meeting where we brought Azzam over there, and North was at this meeting. It was a breakfast meeting, as a matter of fact. We were in the dining room there at the White House, a breakfast meeting, very little talk -- general talk.

Q You've anticipated my next question, and that is at what point you first met Colonel North.

A That was the first time we met North.

Q And that would be in March; is that correct?

A Right.

Q And it's a breakfast meeting at which Colonel ~~Coffield~~ Caulfield was also present?

A He was there.

Q Who else would have been there?

A Hickey was there, and Azzam, [redacted] and myself and North.

Q And I gather from your description that this was just a general introductory meeting, not a lot of substance?

A Yeah, sure. You know, there was other people in there eating breakfast, so it was very toned down.

Q Now, did you get an understanding from North at that breakfast meeting what his position was and what his relationship was to this hostage effort?

A Right, in general we did.

Q And what did you understand that to be?

A That he was involved in attempting to get the hostages out and getting information regarding the hostages -- location, et cetera.

Q Now let me go back to this meeting in April. You also have testified that Admiral Poindexter was present at this meeting; is that correct?

A That's correct, the first time and, I think, last.

Q That was the first time you met Admiral Poindexter?

A Yes.

Q And to the best of your recollection the last time; is that correct?

A Yeah. I don't think I met him again after that.

Q Why don't we pause for a moment on that meeting, and let me ask you if you would testify as to how this meeting came about and what the purpose was?

A Well, as I said before, [redacted] was in contact with Ed Hickey, I'll say regularly, you know, and I think it was decided we'd give him an update as to what we were doing. And at this meeting, when we got there, I thought it would be, and so did [redacted] that it would be Hickey and Caulfield ~~Coffield~~ again, and there was Poindexter and North also.

Q Now was it explained to you who Admiral Poindexter was and what his position was?

A Oh, yeah.

Q What happened in the course of the meeting?

A We briefed them as to what we were doing regarding setting up this network [redacted] and how to extract this information on a timely basis, and we talked in general. We explained to them that these people, these terrorists, were drug dealers and we knew a lot of them as it was. We knew the major people involved in trafficking in marijuana and hashish and in heroin.

So it was easy to set up this network because it was the same people who held the hostages or controlled the hostages.

Q Now, did any plan emerge from this meeting, or was this just purely informational?

A No. At the time it was informational. We were going to continue on broadening the network and pulling in information.

Q Now, there was, I gather from your list of people present, no one from the CIA present; is that correct?

A There was not.

Q Now, did Admiral Poindexter or Colonel North have any particular role in this meeting?

A Not really. They asked questions about, you know, the network. They asked questions on the timeliness of getting the information, and that was a problem I explained to them. It's difficult to relay it.

[redacted]

And so they would try. So we told them the problem we would have in getting instant information.

Q Did anyone express any concern about communicating over unsecure lines?

A Well, there was concern, but we set up our little rudimentary code.

Q When you say "we", was that you and [redacted]

A Myself and [redacted] yeah, and the source.

Q Now, were you able to put a date on that meeting?

A It was April 24, actually.

BY MS. NAUGHTON: (Resuming)

Q Was there any discussion at that meeting of further steps to take? I'm talking specifically about procedures now, as to who would pay for it and how to coordinate with the CIA?

A No, there wasn't. It was just understood. See, there was no talk of anything about North or the NSC was going to be paying us. We were still with the CIA, and so we understood that they gave us 50Gs and we were going to use that up and we'd get more from them.

Q Did Poindexter make any comments or commitments or anything along the lines of funding of the operation?

A Not at that time, no. Or he never did after that because I never met him. But he never did that, nor did Oliver North, that I can recollect.

Q Do you know whether or not he and Hickey discussed it?

A No. I recall, you know, when Hickey talked about it it was the CIA that would be funding us. That's

UNCLASSIFIED

my understanding. And, in fact, up unto this meeting there was nobody from CIA there and it was just understood that we would get money from the CIA.

Q Okay. But did Hickey ever allude to you that he had recruited Poindexter's help in getting funding?

A No, not at that time.

Q At any time?

A No. It was just intermeshed with meetings that we had with North, and then all of a sudden he says I'll take care of this. You're getting way ahead of the chronological order of this thing, though.

BY MR. WOODCOCK: (Resuming)

Q Now following this meeting did you again get together with representatives of the CIA?

A Yeah, we did. You know, again Azzam always was with them, and I don't know. Something happened that CIA was upset over something Azzam said, and then we ended up having to go to Langley, [redacted] and I, and explain certain things. And some of this stuff was wrongly reported by [redacted] and we clarified that in a meeting with a lot of people in it.

Q Let's go to that meeting for a moment.

A That was in April also, right after the Hickey meeting.

Q Within a few days?

UNCLASSIFIED

A Within a few days. I don't have a specific date, just a throw-away date.

Q What's your best guess?

A The 25th, 26th.

Q Now did this meeting with CIA come about because it was some question within CIA as to how this operation was going?

A The question was, I think, what [redacted] reported, and then they got hold of Azzam and then we went over there to explain it to them, that [redacted] was in no condition to have reported anything properly.

Q When you say "no condition", what do you mean by that?

A Just that he never took any notes. He just sat there and listened and he was trying to make quotes, and that's kind of impossible.

Q Trying to make what?

A Quote the source, you know, when there were no notes taken.

Q All right. So you had this meeting out at CIA, and I understand it's a large meeting.

A Um-hum.

Q Who do you recall attended the meeting?

A I think [redacted] was there, and [redacted] was there. I know there was a guy sitting beside me from DIA and I can't remember his name. There was a good 15 people in this meeting, unknown faces. They went around the room quick, so and so, and so and so, and so and so, but, you know, the CIA always gives you false names. Everybody I've dealt with in CIA, eventually when they know you they will tell you their real name. They still do when you call me, call me by this name on the phone. And I say okay.

Q - Was [redacted] present, too?

A Yeah, he was there.

Q And I gather Azzam was there as well?

A Oh, yeah, he was there.

Q Now what happened in the course of this meeting? What did you find out the problem to be?

A The problem was that [redacted] reported information that Source 1 gave. He reported it erroneously. He talked about money was going to be given to certain players [redacted] for information and/or for extraction.

At this stage of the game we started talking about extraction.

Q This is the first time?

A This is the first time. And we clarified that, that no money would be fronted, no large amounts of money would be fronted for any extraction, and it was a working meeting. So they talked about, for the first

UNCLASSIFIED

time, about evidence, about bona fides.

Q Let me stop you there for just a minute and make sure I have this correct. When this meeting came together you understood that [redacted] had come back and erroneously reported --

A That Source 1 committed monies to some players [redacted]

Q And that the purpose of the monies was both for location information and for extraction information; is that correct?

A No. It's just that there was no money committed. He said that Source 1 said that unless these people get money [redacted] you won't get anything. Well, that's not true.

Q What had Source 1 actually said?

A He said that these people, if he got evidence, if he got bona fides, that they would want to be paid for it.

Q For the bona fides?

A Sure, or the evidence. Take your pick.

Q And where does extraction fit into this?

A Well, later in the meeting we started talking about the possibility of extraction.

Q But [redacted] had not represented that the source had said something about extraction?

UNCLASSIFIED

A No. It was strictly on money for evidence, for bona fides, as I recollect it.

Q So in the course of this meeting the question goes beyond simple location?

A That was basically straightened out, and then we went into bona fides, and CIA indicated they would pay for bona fides, particularly on Buckley.

Q And what did they say about the form the bona fides should take?

A They'd take anything that was convenient to the situation [redacted]

Q So was a decision reached by the end of this meeting that the next step would be to get bona fides [redacted]

A Basically, yes.

Q What happened next?

A Well, after that I think we met North that same day, as I recall. When I was in there a phone call came in the room and that's why I remember we met North that day. And the secretary walked in and said is there a [redacted] here, and I said yes, and she said there's a Colonel North on the phone, and everybody in the room gave me a dirty look.

I said there's something wrong here. So I went out and afterwards, I think when we were leaving, Azzam explained that there was a few people in that room didn't like North. And that's why I remembered that. And then we met him.

Q So the North name generated some dirty looks?

A Yeah.

Q . But nothing beyond that?

A It was a matter of apparently he never dealt with that mid-level group. He always dealt with the upper people in the CIA, and this group disliked that. That was what was told to me at that time.

Q Was that Mr. Azzam telling you that?

A I think he may have told me, and maybe somebody, [redacted] told [redacted] -- something. It came out at that time that they didn't particularly care for him.

Q Did you ever hear anything from North on that subject?

A Yeah. I think I may have asked, you know, when we met him that day. That was new. I didn't want to have a confrontation with him per se, but we talked about this problem we had with CIA and this misunderstanding and this and that, and that we have now tasked Source 1 to get some evidence. He told me, yeah, he said, those people are -- a lot of leaks come out those people, et cetera. I could tell that he didn't have the patience for them.

Q So now this meeting concludes, and I gather in your phone conversation with North you have already set up that you will go over and see him following the meeting; is that correct?

A . Yeah, we did. It was a very brief meeting.

Q When the meeting breaks up at the CIA, it's generally decided that the source will go back in and try to come up with some kind of bona fides?

A Um-hum.

Q And is it correct that no particular bona fide was suggested, just a range of options?

A A range of options [redacted]

Q You then go over to North's office. Who goes over there?

A [redacted] and I.

Q And what's the purpose of this meeting at North's office?

A Well, he phoned me at CIA and said he'd like to see me, so we went over there afterwards.

Q And when you got there, what did you find out the purpose to be?

A He says, what happened there? And we explained what happened, and we explained that Source 1 was going to go back into [redacted] and have his sub-sources work on getting some evidence as to the condition or situation of Buckley or any of the other hostages.

Q Was he in a position to give you any additional information on Buckley in particular or any of the other hostages?

A No, he didn't, not that I recall. He told me, as a matter of fact -- all along they told me, you know, even some of the friendly CIA people that we got friendly with, particularly [redacted]

Q Let me ask you this. Does the name Nathan Adams mean anything to you?

A Sure. He's a journalist, isn't he?

Q Well, you'd have to tell me.

A Adams. That's Azzam's buddy.

Q He's a friend of Abe Azzam's?

A Yeah. He's on the Reader's Digest, isn't he?

Q You'd have to tell me.

A Okay. That's who I think Nate Adams is. Maybe I'm wrong.

Q Do you connect him with any information on Buckley?

A Let me put it this way. If Nate Adams is the journalist, the only information he had on Buckley was what Azzam gave him, because that was his buddy, if that's the person.

Q Do you connect him with North at all?

A Yeah. I think North knew him, too, because I remember seeing in his office one of those things that Nate Adams gave people, with their names inscribed in it, and I picked it up and it was a little thing, and then Nate Adams, and then oh, yeah, I know him.

Q Now this meeting with North that you had, it's you, North, [redacted] Anyone else?

A No.

Q And Azzam is not at this meeting?

A No.

Q Why is that?

A I don't know. We may have left him at the FBI. I don't know -- I mean at the CIA.

Q Was he aware of the meeting, do you know?

A Oh, yeah. He was running the thing, so we told him everything we did.

Q Do you have a recollection of whether he chose not to attend or how it happened that he didn't attend?

A He had other duties, you know. He was the executive assistant to the Deputy Administrator, so I assume he didn't attend because he had other duties.

Q After this meeting with North I gather you or [redacted] have to get in touch with the source and tell him what the next steps are; is that correct?

A Well, in this meeting here, in this meeting with the CIA and then with North -- and it's overlapping, okay, the information -- we discussed the payment for evidence, and I don't know, $200,000 was set up by the CIA under the strict authority of Azzam to release it for any type of bona fide or evidence that was acceptable to the CIA.

Now, as far as I can recall, it wasn't stated that well, you can use the $200,000 in one lump sum or break it up piecemeal. It was just there. Okay? And both the people in CIA and Oliver North knew that.

Q Now let me back you up just a minute. You testified that in March you gave the source $20,000 of the $50,000 for a trip he then took.

A Um-hum.

Q At some point did you give him the remainder of the $30,000?

A Yeah, we did.

Q When did that happen?

A I think it was in April.

Q And again what was the purpose of that?

A It was for his expenses and the development of his network.

Q I gather he is keeping you up to date on what it is precisely he is using this money for?

A Well, he's telling me who he's giving money to, yes.

Q Now is he in a position where he was required to substantiate portions of expenses? Does he have to show you airplane tickets and things like that? How is that handled?

A Well, let's stop right here and come to the end. We have about $60,000 in round-trip air tickets for him. I have those available.

Q So he made those available to you, and hotel bills and things like that?

A They are all available. I could have the DEA offices [redacted] get all those expenses.

BY MS. NAUGHTON: (Resuming)

Q When were those produced?

A They're not produced. He has them. But I saw them.

Q Would you see them contemporaneously with giving him the money, or did you see them at a later time?

A No, no. I knew when he left. I had no problem with this man. [redacted]

Q So when did you actually see the tickets?

A I saw them in the end of '86 and '87, as this thing started boiling. And we did -- very honestly, we checked our expenditures and we found out that we didn't give him enough money. He paid a lot of it out of his own pocket.

BY MR. WOODCOCK: (Resuming)

Q Okay. So by the time this meeting has occurred with the CIA on April 24 -- excuse me, April 25, I think you testified -- you have already given the source the $50,000 that CIA came up with?

A It was done. Now don't forget this is Azzam's approval. Azzam's in charge. Let's not say just [redacted]

Q That wasn't the implication of my question, but I think your testimony was that you or [redacted] actually gave him the money; isn't that right?

A That's correct, with the approval of Azzam.

Q Understood. So now you are out of CIA money, and the source has to go back [redacted] to come up with the bona fides. Did you come up with some money to help him there?

A No.

Q How does that occur?

A He had money. He didn't ask for any. We talked about that if he made certain contacts with certain people and they got some evidence that they would have to be paid, these people, to see whether we, who we were. [redacted]

UNCLASSIFIED

TOP SECRET

[redacted]

TOP SECRET

UNCLASSIFIED

[redacted]

Q All right. Now you've had the meeting with North. You now go out and contact the source and give him his marching orders, and his marching orders are to go back in and come up with some bona fides; is that right?

A Right.

Q Now do you suggest or [redacted] suggest to the source, Source 1, what form this bona fide production ought to take?

A Yeah. We told him pictures with dates on it, signatures, statements, letters, primarily with dates, dates and signatures and statements. These are the type of things.

Q Now I gather, then, that the source, Source 1, goes [redacted] is that correct?

A Um-hum.

Q Do you and [redacted] then travel abroad to meet with him at some point?

A We do. In May we go [redacted]

Q What's your best recollection on that date there?

A Well, it was off the ticket. May 10.

Q Off a plane ticket; is that correct?

A Yeah. I think we had plane tickets on that.

Q So that places you as traveling on May 10; is that correct?

A I think so, yeah.

Q Now you meet with Source 1 [redacted] is that correct?

A Um-hum.

Q He produces then a bona fide piece of evidence; is that correct?

A Yes. He produces a piece of evidence, right. Whether it was bona fide or not, we didn't know at the time. He thought it was.

Q That piece of evidence was [redacted] is that correct?

A Right. [redacted]

Q Did he explain to you when he gave it to you the significance [redacted]

A He told me that he was told [redacted]

Q Now, had he actually paid out any money for this proof, do you know, at this time?

A [redacted]

MR. MORROW: The question was, had you paid for the bona fides.

THE WITNESS: Not yet, but he did pay the people up to getting these things. These 50Gs went to various people.

BY MR. WOODCOCK: (Resuming)

Q Okay. But that's the money he's paid up until April 25?

A Expenses, et cetera.

Q And since that time he had incurred additional expenses to go get the bona fides; is that correct?

A Sure.

Q And did you understand that the people who had produced the bona fide had already been paid?

A No.

Q Or that they were waiting for payment?

A No, they were waiting for payment. There was a five-day deadline, approximately, that he had to bring [redacted]

Q Let me show you and let me have this marked as an Exhibit, I guess, Exhibit 1.

(The document referred to was marked [redacted] Exhibit Number 1 for identification.)

This is marked as [redacted] Exhibit 1. Do you recognize that?

A Yes, I do.

[redacted]

[redacted]

Q Now when you received this, what did you do?

A I called Azzam and told him. He says bring it to him. Bring it in.

Q Okay.

A We also told him that these people were expecting the [redacted] for this evidence and for the bona fides on their side for future transactions.

Q Now did you have an understanding yourself, or did you make a judgment yourself, as to whether this was sufficient, that this was really from Buckley or not?

A No, I didn't make that judgment. All I could do is, since I've known Source 1 for many years, he was excited enough, which I never saw him excited at things, that I was very convinced that this was authentic, and only because of his excitement.

I didn't know [redacted] so what could I tell you?

Q I gather that part of your judgment there was that you didn't believe that Source 1 was a person who would be easily fooled; is that correct?

A Without a doubt he couldn't be, based on the people he was dealing with.

Q Now you received the proof from Source 1 and you then head back to the United States with it.

A I sent [redacted] back to the United States with the evidence and I stayed there.

Q Have you made any arrangements, you or [redacted] with Azzam as to what happens when you get to the United States?

A Arrangements. It wasn't exact, but arrangements were made to get this thing both -- well, to a myriad of people -- Azzam, the CIA. Ed Hickey had to know and Oliver North. [redacted] took care of that all very well. He tried to make everybody happy, and everybody got pissed off at him, I think, particularly Azzam. What could I tell you?

Q Now you say that Ed Hickey made everybody mad by trying to please everybody --

A Not Ed Hickey. [redacted]

Q How is it that he accomplished this, do you know?

A Well, he went to all of them, you know, and showed it to them, and also went to the FBI and brought it to the FBI [redacted] Nobody else did that. He did it.

Q How did that make everybody mad?

A Well, you know, Azzam wanted to have it so he can disperse it to everybody. Instead [redacted] a very efficient agent and he knew how to get to the FBI [redacted] and he knew he had to tell the NSC, and he knew he had to tell Hickey, and he did all these things. And he knew he had to tell Azzam, and he did it all.

MS. NAUGHTON: Do you know what order he did it in?

THE WITNESS: I think it was North, Azzam, Hickey, and in there was the FBI [redacted].

BY MR. WOODCOCK: (Resuming)

Q So was it North coming first that excites Azzam?

A No, just that he wasn't first, period -- just that he had to be first. Okay? He was a very sick man about this time. He was in heavy pain, irrational, and he had a major operation within a month of this. They didn't think he was going to make it. So, I mean, he was very irritable because he was in really heavy, heavy pain. I've known Azzam. You know, [redacted] so I know Azzam very well, and we always argued and yelled and almost punched each other out a few times. So he didn't bother me. I knew him and his personality, but he was very sick.

Q Now when this proof came in do you recall how it was greeted? Was it considered authentic? What was the reaction to it?

A Well, I can only tell you what [redacted] told me, all right? [redacted] went to North [redacted] Okay. And that was about it -- told him in general what happened, what I told you. Source 1 got it. They want [redacted] and he has five days to bring the money back in to show our bona fides.

Then he went to Azzam, and Azzam knew that already. Then he met with Azzam. Azzam and he went to CIA [redacted] and [redacted] remembered it was May 14, and [redacted] told me that the CIA was satisfied with the authenticity of it. They did not complain and they made a comment of this is worth [redacted] to us.

Q This is Azzam talking to [redacted]

A This is [redacted] present with the CIA and Azzam sitting there.

MS. NAUGHTON: Who at CIA said they were

satisfied with it?

THE WITNESS: You'll have to ask him. I don't know the names. [redacted] will know who they were. Apparently, what [redacted] told me is they were satisfied with it. They said this is cheap for [redacted] Azzam refused because Azzam had the final say on the use of this money, which still was with the CIA. He said no -- completely no.

And there was an argument that ensued in there, I assume, and the CIA said you can have the money.

BY MR. WOODCOCK: (Resuming)

Q Is this CIA talking to you?

A Talking to [redacted] I was still [redacted] So after that [redacted] and Azzam got in an argument and [redacted] said he's finished, he's out of it. He resigned from this project.

Q And this is all within a few days of him coming back?

A This was the day he came back. The argument began, but he had an obligation to report to Hickey, and he called Hickey and he told Hickey. He didn't even get to me yet. This I learned later, you know, because we're talking about, what, nine hours difference, eight hours difference. And he said that he was going to resign from

UNCLASSIFIED

this project and let Azzam handle it himself, and he told this to Hickey and then to North, and they had a meeting, I think he told me.

Right, on May 16 [redacted] has a meeting with Caulfield ~~Coffield~~ and Hickey and North was there. And that was a meeting that he had talked to me finally and he says what should we do. And I said make Source 1 available to the CIA or to the NSC and we'll get out of this business.

Q Let me just pull some of these events apart. You remain [redacted]

A Yeah.

Q Why do you remain there?

A Well, if they approved it I was going to be there when the evidence went back in. [redacted]

UNCLASSIFIED

Q And you've testified it was like an eight-hour, nine-hour lapse between --

A Time lapse, right.

Q That would be Hickey would get into eight or nine hours worth of Washington meetings before you would know about it?

A No. [redacted] We're eight hours, I think, ahead of the eastern seaboard.

Q Let me do it this way. By the time you first hear from [redacted] what has happened?

A He told me everything. The shit hit the fan is what he told me.

Q And what you mean by that is that --

A That Azzam would not release the money. The CIA felt comfortable with releasing the money. And that he had resigned, [redacted]

Q And had he met with North and Hickey by this time, too?

A Then, on the 15th he met with Hickey in Hickey's office, with ~~Coffield~~ Caulfield and then North came in. Now this is all told to me.

Q And this is the first time he's getting in touch with you. All these things have happened; is that correct?

A He called me before, because he met North and

Hickey late in the evening.

Q So you knew before he met with North?

A He told me that he was going to that office.

Q So before he meets with North and ~~Coffield~~ Caulfield and Hickey he's had the meeting with CIA and Azzam and things haven't turned out well.

A And calls me.

Q He calls you and tells you that.

A And Azzam calls me, and we get in an argument on the phone.

Q What's that argument about?

A Because [redacted] told me that the CIA had no problem giving this money and they felt it was authentic, and I said, well, why is he stopping it. He says because I say so. And that was it.

Q Now did Azzam tell you that in his view the CIA was not disposed toward releasing the money?

A No, he didn't say that. He said that he was not disposed in releasing it to us -- not the CIA. It was never the CIA. It was him.

Q He didn't align the CIA with his position; is that correct?

A No.

Q So then [redacted] goes off and has his meeting with Hickey and it turns out that ~~Coffield~~ Caulfield and North also show up at the meeting; is that correct?

A Exactly.

Q And following the meeting does [redacted] get in touch with you?

A Yeah.

Q And what does he tell you?

A He tells me that North will take care of this.

Q Now what does he mean by that?

A That's all. That's all he knew -- that North would take care of this. We assumed that North was going to go talk -- well, he assumed, and I, that they would go talk to the CIA and straighten it out that way. But, you know, there was also, you know, constant calls.

I called Azzam again and he wouldn't budge, and he called Azzam again and he wouldn't budge. And in our minds --[redacted] and my minds -- we were finished with this operation. We were not going to work it any longer. And we were going to turn Source 1 over to the CIA or to the NSC, period.

Q What's the next step?

A Well, I came back because I just stayed there and everything came to a standstill.

MS. NAUGHTON: Did they ask you for further bona fides? In other words, to ask?

THE WITNESS: Azzam, I understand, did.

MS. NAUGHTON: Was that while you were still [redacted]

THE WITNESS: Yes.

MS. NAUGHTON: What did he want?

THE WITNESS: Azzam wanted more. He wanted Source 1 to go back in and get further information, and Source 1 couldn't do it because you can't come out with information that is supposed to be authentic and you haven't ever checked it yet, and go back and say well, give me some more. I mean, that's just straight -- even in drug deals you can't do it.

BY MR. WOODCOCK: (Resuming)

Q Did Azzam give you an idea of what he wanted in the way of more bona fides?

A He said something about -- I don't know -- [redacted] Does that ring a bell?

Q Sounds like the right genre of questions.

A Something like that.

Q Did he tell you where he had come up with these questions?

A I assumed the CIA gave them to him.

Q Did he explain why it was the CIA was producing more questions to substantiate bona fides if they were satisfied [redacted]

A We were arguing it on the phone, and Azzam could influence anybody the way he wants it, so I said it's impossible. I'm coming home. It's over. It was done, you know. I had no doubt in my mind that this thing was over for me.

MR. WOODCOCK: Why don't we take a break?

(A brief recess was taken.)

BY MR. WOODCOCK: (Resuming)

Q Now, to resume, [redacted]

A At the time there is a point that Ron here is telling me to bring up.

Q That's your counsel, Ron Morrow?

A Ron Morrow, right -- that I told Azzam on the phone that this cannot be left by us with just walking away from this, and I told him that Source 1 is obligated to, first of all, save face and protect his family [redacted] [redacted] and that he, that Source 1 is so strong about this that he would raise all the money he can to placate these people, even though it wouldn't go any further. He would just go in there, give them, he told me at the time, $75,000, $80,000 from his own money, to placate these people was his hands of it, too.

Q And you relayed that to Azzam while you were still [redacted]

A Exactly.

Q Okay. Now from that point you head back to the United States, having told Azzam you are going to wash your hands of the project.

A Exactly.

Q What happens when you get back to the U.S.?

A [redacted] and I have a meeting with North.

Q How was that set up?

A I think he had called [redacted] and [redacted] told him when I was coming in, and he said come over to the office.

Q Okay. To the best of your recollection, when do you think that occurred?

A We say it's around May 22. It could be off a few days or whatever.

Q Let me advise you that North's notebooks also show a meeting with you and [redacted] on May 22.

A Okay. Good notes.

Q They are good notes. What was the occasion for getting together with North?

A Well, he wanted to talk about this operation because he knew that we were going to retire from it, because that's what I told [redacted] to tell him, too.

Q Who was present at this meeting? Was it North, you, [redacted] and anyone else?

A That's all.

Q And who was aware of this meeting? Is Azzam aware of the meeting, do you know?

A Probably. You know, I would have probably told him.

Q Now what happens in the meeting?

A Well, we discussed the situation, how the evidence, the exhibit here, Exhibit 1, was received by Source 1, and North kind of cuts us off and he says, I'm satisfied with the exhibit.

Q That is, North was satisfied that the proof that had been produced by Source 1 was sufficient; is that correct?

A He was satisfied with the exhibit, and I didn't stop there. I told him, I said, look, you know, from my own curiosity what I would like to do is I would like him to give me [redacted] Because we had learned from the FBI that it was inconclusive on their part [redacted]

Q Did you know where [redacted] was at this point?

A What [redacted]

Q The [redacted]

A Sure I knew where it was.

Q Was it being examined at this point?

A That's right, by the FBI, sure. But [redacted] talked to them on the phone and they told him on the phone [redacted]

Q That is, that they couldn't make a decision on it one way or another?

A Exactly.

Q And that's [redacted] talking to the FBI?

A Right. And later we got a memo from them stating the same thing. With that, I told North -- I was emphatic about it -- even if I wasn't going to do another hour's work on this project that I wanted [redacted] And he says, that's not necessary. He said he had cleared it with the old man, and, being an inquisitive person, I said who's the old man, and he said Casey.

Q What had he cleared with the old man?

A This thing right here, this exhibit, Exhibit 1, marked with my name, [redacted] -- that [redacted] [redacted] they were satisfied with it is the way he put it.

Q So he said he had cleared it with the old man. So it was unnecessary [redacted] [redacted] is that correct?

A Exactly.

Q Now what had he cleared with the old man? What did that mean?

A He said that they are satisfied [redacted]

Q That is, the CIA is satisfied?

A No, that they -- he and the old man -- were satisfied [redacted] because I was the one who was saying, you know, let us check it. We're investigators. [redacted] He said no. We're satisfied. Let's move on. We're going to give [redacted] $200,000 -- was his next statement.

I said, are you sure? He says, we're sure.

Q Did you have questions yourself about Exhibit 1 being bona fide or not?

A I had questions on the basis of the FBI, who said it was inconclusive. Sure.

Q Did you try to persuade him that it would be a good idea not just to rely on his judgment [redacted]

A I pushed that point.

Q And he dismissed it?

A He dismissed it.

Q Now in addition --

A Because, very frankly, if he said no, we'd have said goodbye, shaken hands, and we'd have been out of this business. And, you know, at this stage of the game I was kind of disappointed with a few people and I was ready to get out of this business.

Q It probably looks pretty good from this point.

A You got it.

Q Now in addition to discussing the $200,000, did you and North and [redacted] discuss any further steps that you might take?

A We did.

Q What do you recall those to be?

A We went into the fact of then an extraction of Buckley plus one other hostage. You know, of course, this was all preparation, possibility. We had no direct evidence that we could do this, but we did have conversation by the Source 1 [redacted] that this was feasible, that we could bribe certain [redacted] and certain hostages would be released.

And we talked about this.

Q Now was there a figure mentioned as to what it would cost to spring these hostages?

A The figure was it was going to be $1 million

UNCLASSIFIED

per person.

Q Now let me back you up just a minute. On the $200,000 that North is mentioning, has he identified where that's coming from?

A At that time, no, not to my recollection. You know, [redacted] had been talking to him while I was away, and this could have been already understood, and I didn't at the time.

Q And how about the $1 million per hostage? Did you have an understanding as to where that would come from?

A Not at the time. Later I did.

Q We'll get to that.

A Soon, later.

Q Now was the discussion about getting approval outside of just William Casey for this, do you recall any discussion about that?

A Well, at this time, aside from the operational part of the hostages, et cetera, he began to discuss Azzam and Azzam was then going to go into the hospital, and I told him that he's going to have to seek approval for us to work with the NSC directly, because we were working with the FBI and Azzam was in charge of that.

So he said he would handle that, that he would call the AG.

UNCLASSIFIED

UNCLASSIFIED

MR. MORROW: You just said you'd been working with the FBI.

THE WITNESS: I keep saying that. The CIA. Sorry about that.

BY MR. WOODCOCK: (Resuming)

Q So you told North that in order for you to go further with this that he, North, or someone in authority with the NSC would have to call Attorney General I guess it would have been Meese at that time?

A I said he would have to seek approval from my administrator.

Q And that would be John Lawn?

A Right. And he stated that he would contact the AG.

Q Meese himself?

A Right.

BY MS. NAUGHTON: (Resuming)

Q What exactly was this for? Was it simply to get you assigned, so to speak, to the NSC?

A Yeah, because he wanted us then to work for him, work with him basically, because we weren't detailed or anything -- you know, it was an assignment then -- to work with him exclusively.

Q Was there also a discussion of getting any approval for the use of private monies to be used for the

UNCLASSIFIED

operation?

A That never came up in my mind or to my recollection.

Q When you were discussing how much money it would take to actually free the hostages --that is, $1 million each -- did you discuss where that would come from?

A No, because I'll tell you later, you know, in subsequent meetings we explained that we wouldn't even have to touch that money, that whoever was going to pay it, it would be after the fact. We would be in possession of a hostage, and we would not touch this money. It would be delivered by whomever. Who cared? And there would be a contact from the other side to collect it.

Q But here's my question. At this meeting you discussed that you would need about $1 million per hostage; correct?

A It would be $1 million per hostage, correct.

Q And it was clear that the source of this money would be private funds as opposed to government?

A No, it wasn't clear yet. It was clear within a couple of meetings from that one, I guess.

Q Would it have been clear by June of '85?

A Oh, yeah.

Q Did North mention whether or not he would have to clear the use of private monies with either the Attorney General or Administrator Lawn?

A I don't recall that at all. I don't recall him saying anything about that. The only thing, when it came to a head that we were going to use donor money, was I said that we would use a civilian to handle the money and we would escort the money.

Q And why did you say that?

A Because I just felt that that was the right thing to do. I don't know why. I just did it that way.

Q Well, in your interview that we did several months ago you mentioned that those were the instructions that you had.

A Subsequently it was, when I met with Lawn and then Lawn said don't handle unauthorized money -- unappropriated funds. After that -- see, my meeting with Lawn was June 14. He says it was okay to work with NSC; don't handle unappropriated money. Don't handle unappropriated money. So we didn't handle it.

Q So when Lawn is relating to you, then, it is okay to work with NSC, who is he telling you gave that authority?

A Well, he told me he met with the AG and that was that. But we talked, and I may have told him there could be -- you know, that we were going to use donor money, and he may have said it from that, you know. But he did tell me he spoke to the AG, so I don't know if he got it from my talking to him, because he said what are you doing, et cetera, what's happening, and I just gave him a mini-briefing that we were going to put this money in and the possibility of extracting somebody.

But there's no doubt that he said that he had met with the AG and that we were approved to work with NSC. So I can't tell you if he said it because of the AG told him about the unappropriated or he said it because we were talking.

Q In June of '85, was that the first the Administrator heard of the possibility of using private funds for the operation?

A No. I can't tell you if it was the first or last, and I can't tell you directly that we did talk about it. I just feel that I would have talked about it.

Q So you don't know whether or not he heard about it the first time from you or from someone else?

A I don't know if he heard about it from anybody. I just feel, you know, a feeling that I may have said something to him about it. I mean, it was a long time ago.

Q Okay. When he said he spoke to the Attorney

General, do you know whether or not they discussed sort of the operational side of the plan -- that is, extricating the hostages?

A Well, I don't know if he told that to the Attorney General, but I told him that we were going to try and get two hostages out. I told him that.

Q And did you detail to him what the plan was?

A No. He is too busy a man.

Q What did you tell him you were going to do?

A That we were going to attempt to get them out. That's all. And hopefully it goes. He says, good luck.

Q When you say "we were going to get them out" did you tell him how you would accomplish that?

A Well, he understood we would use sources of information that are out of the Middle East. I assume he understood that, but I didn't get to it. I didn't detail this to him.

Q Well, what I'm getting at is did you say that you would be paying large amounts of money to people [redacted]

A I doubt it.

[redacted]

[redacted]

Q Did you talk to him that the payment of large amounts of money to people in order to get the hostages out was a possibility?

A I just can't recall that, to be very frank with you. You know, I met him on various occasions and my meetings with him were one or two minutes. As I said, he was a busy man. And I could have said it very fast in two minutes or could have just given him a very general that we're working on taking these hostages out of there. The White House is behind us, and he said, good, and I left. You know, I can't really put it together for you.

Q Well, is it your sense, then, that you informed Administrator Lawn that you were doing more than simply obtaining intelligence information but indeed making plans in trying to extricate the hostages?

A Well, up until you have these hostages in your hands you're only working on intelligence.

Q Well, not necessarily.

A Oh, yes, it is, because it was information being given to us that this is the possibility.

Q But didn't your plans include obtaining transportation, renting safe houses and the like?

A That's an exaggeration, by whom I don't know, but I also saw that in the newspapers. We had plans -- [redacted]

Q Did you plan then include renting a boat?

A [redacted] and I, if we needed it, we would have rented a boat, yes.

Q And did you explain those activities?

A No.

Q To Lawn?

A No, I did not.

BY MR. WOODCOCK: (Resuming)

Q Let me just tie up this May 22 meeting. You say that at that meeting there was some discussion about you working for the NSC on this project; is that correct?

A You mean the meeting with North?

Q On May 22.

A Well, yes. The gist of the meeting was that North wanted us to work with him.

Q Now let me just break that down a bit. When you say he was going to be working with you, did that mean to you that the special enforcement operation would be terminated and that there would be some new --

A Technically it had been terminated. We were not using any of the monies in it any longer. There was no money in it any longer.

Q So technically it had been terminated. And did you then at that time also understand that there wouldn't be a new SEO designated, but you would just be somehow detailed over to NSC or authorized to work with NSC; is that correct?

A That's all. Authorized I think is the best, because I was not -- even on this project, for the two years I was on it, I must have worked on it like a 30 percent basis. I had other duties going. Now [redacted] worked on it on a 90 percent basis, let's say. So it wasn't a detail in my mind. It was an authorization to work on this matter with them.

Q Now Ms. Naughton has just asked you a series of questions about your meeting with John Lawn on this same subject. Did you or [redacted] ever sit down and write up what you wanted to do or what you and North had discussed and send that in to Administrator Lawn or any superior?

A No, not at that time. I wrote a memo in '86 to Lawn, but at that time I don't recall writing any memo.

Q Let me just run a couple of things by you out of North's notebook. North is making notes, it appears, of information that you and [redacted] are relating to him, and he has a series of references to [redacted] is that correct?

A That's true.

Q These notes are dated May 22.

A [redacted]

Q [redacted]

A We reported this to him. We wanted to make sure that this was all straight with him. We didn't want to put this $200,000 in there if he wasn't sure of all these other factors.

Q [redacted]

A That's correct.

Q There's also a~~n~~ reference in here, "if price is too high, you need to keep the door open with $50,000." Do you recall keeping the door open?

A I read that when I was looking at television when that was brought out by Stokes, and I don't get that one at all. Okay?

UNCLASSIFIED

Q That doesn't sound right to you?

A I don't understand that $50,000 at all.

[redacted]

UNCLASSIFIED

[redacted]

Q Now let me get again to this assignment or authorization to work with the NSC. I gather from your testimony that this authorization came from Lawn orally; is that correct?

A I don't know -- to me it was orally, right.

Q And, to your knowledge, did [redacted] ever sit down with Lawn and go through this routine?

A No. I told [redacted]

Q So then you conveyed it on to [redacted]

A Yeah.

Q And you've testified that [redacted] spent approximately 90 percent of his time on this over the next year and a half, couple of years?

A That's correct.

Q And you spent approximately 30 percent of your time on it?

A Yeah.

Q Now, you also testified that you filed a report with Lawn sometime in 1986.

A Um-hum.

Q Was that an update on where things were, or was there something specific that generated the report?

A I don't know. I just filed a report with him stating that we were doing the following.

Q Do you know whether he asked for it?

A He may have. I don't know.

Q Other than that report can you recall any other written reports that might have come up on this subject?

A I don't recall writing any other report to him regarding this.

(Counsel conferring with the witness.)

THE WITNESS: Oh, that's a situation paper we did. I did a situation paper for him in '87, recently, explained to him in general our operation.

BY MR. WOODCOCK: (Resuming)

Q Okay. Let me just have the record be clear on this. You conferred briefly with counsel and counsel recalled to your mind a situation paper that you had written for the Administrator in 1987 on this subject; is

UNCLASSIFIED

that correct?

A That's correct.

Q Now, did you have any other way of regularly reporting or even periodically reporting to Administrator Lawn or anybody else on this?

A The deal that we had was that if I traveled or [redacted] traveled that I would have to contact him to tell him that we were traveling so he could cover us in an official status, [redacted] he'd like to know that we were on that detail.

So that was the agreement. Anytime I traveled and [redacted] I would call his office, usually got him on the phone, and I would say, Mr. Lawn, I'm traveling; Mr. Lawn, [redacted] is traveling on White House business. And that was it. He said okay.

Q And was that invariable? You would always do that when you were going to travel?

A I did it with him. I couldn't find him a couple of times, so I did it with his special assistant.

Q Now who would that be?

A It was John McKernan -- a couple of times with him and a couple of times with Marion Ramey.

Q How do you spell that last name?

A R-a-m-e-y.

UNCLASSIFIED

Q What's her position?

A Marion is a man.

Q What's his position?

A At the time he was in charge of all inspections. Right now he's in charge of one part of inspection.

Q Now who was it you understood was your immediate superior on the NSC detail or NSC authorization?

A I'd say at this time, once it was approved by Lawn, it was Lawn.

Q And he was the one, if you had anything important --

A For this thing. My other boss was still there, [redacted]. But [redacted] knew everything. I told him. When we're leaving, you know, make sure a few people knew. You don't want any lapse of minds here.

Q So to the extent you had something to report you would report first to Lawn; is that correct?

A I told [redacted] I kept him generally briefed on, you know, we're leaving, we're coming, we're working, we're getting intelligence. You know, nothing to bore him, but I wanted more than Lawn, who had a heavy schedule and probably had a hard time remembering what my name was, as most Administrators do.

UNCLASSIFIED

Q Now did [redacted] have an understanding as to what this whole NSC authorization was about?

A He knew, sure. He was in on those initial briefings at the beginning, and he came over to the White House one time with us at the beginning, as a matter of fact.

Q You're saying in the beginning. Is this February of '85?

A In the February-March thing we brought him over with us to meet Hickey and Coffield.

Q Do you recall ever having the same kind of encounter with him that you had with Lawn where you went in and gave him a brief upside as to what you were up to?

A I used to tell him we're getting good intelligence out of there and we're passing it to the CIA and we're passing it to the NSC. I'd tell him things like that.

Q And I presume that you also made it known that this was in the context of getting the hostages out of Lebanon; is that correct?

A I told him one time we had a shot to get two hostages out, and it didn't go -- something like that.

Q And is this still 1985?

A Yeah.

Q And this would be about the same time that you

UNCLASSIFIED

were talking to Lawn, in June of '85?

A I would call Lawn and tell him that we're leaving.

Q But you're talking to [redacted] about the same time, June of '85?

A See, I was at work there 70 or 80 percent of the time, so [redacted] was there. I did my job, what I was doing there, and occasionally I'd just drop some information on him, saying, you know, we've got some good information on this, and we didn't get -- we lost our shot on getting the two hostages out.

There was no briefing. Don't look at this as a briefing. This is how are you doing? How is that operation? I says, we're getting intelligence. The intelligence is pretty good.

Q Let me ask the question differently. When he would turn to you and say, how's the operation, would he have an understanding that this operation covered the hostages coming out of Lebanon?

A I don't know.

Q Do you assume he did?

A No, I don't assume anything. He would say, how's that operation? We talked as any function is an operation. Even an intelligence probe is an operation.

Q Right.

A So he just said operation or how's that thing. Are you having any successes? And I would just give him some very short answers.

Q The reason I'm trying to pursue this a little further is you're on duty covering more than just this Lebanon effort during this period of time; is that right?

A Sure.

Q And therefore you are involved in other operations other than the Lebanon operation.

A Sure.

Q When he stops you in the hallway or in his office or whatever and says how's that operation, how do you know what he's talking about?

A It was understood. There was nothing specific about anything. I wasn't hiding anything. Maybe he said how's your hostage thing going. Maybe he said are you getting any intelligence out of Lebanon. I don't know. But he is a very close friend of mine, so occasionally I'd talk to him about it. Besides, I was working for him.

Q Let me move on a little bit in time, off the May 22 meeting. Do you recall your next meeting with Lieutenant Colonel North?

A Okay. My meeting -- I don't know. [redacted] had some meetings, and maybe I was traveling or I was gone, but [redacted] had the meetings with North and out of these meetings it came out that [redacted] was ready and was in his office and it was set up that [redacted]rother, [redacted] would handle the money and deliver it to Source 1.

And all this took place mostly without me, and I may have been traveling on DEA business.

Q Okay. Let me see if I can suggest something to you and you tell me if you think this sounds correct. According to North's notebook, he shows a meeting with [redacted] on June 6, '85, at which he relates the following information. [redacted] will be burned if this doesn't work."

Does that bring anything back to you?

A Probably, yeah. I don't know if it's June 6, but I remember that meeting, without a doubt, that he had that meeting.

Q Now there's also a reference in here to [redacted] Let me read you the --

MR. MORROW: May I ask is that public, by any chance?

MR. WOODCOCK: No.

MR. MORROW: No chance of its ever being

UNCLASSIFIED

public?

MR. WOODCOCK: These are North's notebooks. Before North's notebooks would be released to the public they would have to be declassified by the White House.

MR. MORROW: They are presently classified?

MR. WOODCOCK: Yes, they are classified under our classification system, and we don't release it to the public until we send them down to the White House for declassification. So to that extent, since that does have a reference in it, you would have to be certain -- and I am sure you are certain -- that the White House was sensitive to anything coming in with this source's identity on it.

MR. MORROW: That's quite an assumption on your part.

MR. WOODCOCK: Okay. Let's go off the record for a moment.

(A discussion was held off the record.)

BY MR. WOODCOCK: (Resuming)

Q Before we went off the record we were discussing a meeting that you had with North on June 6, 1985, and you have stated that in the course of that meeting North advised you that the Attorney General had approved your working with NSC on the hostage location matter; is that correct?

UNCLASSIFIED

A Yes.

Q Do you recall whether he mentioned the Attorney General by name or just by title?

A I don't know.

Q Did he say how he knew that, that he had spoken with the Attorney General and the Attorney General had approved?

A He may have said he spoke to the AG and he had approved our participation.

Q And that would be you and [redacted] is that correct?

A That's correct.

MS. NAUGHTON: Did he discuss anything else that he discussed with the Attorney General about the operation?

THE WITNESS: No.

[redacted]

UNCLASSIFIED

TOP SECRET

[redacted]

TOP SECRET

UNCLASSIFIED

UNCLASSIFIED

[redacted]

UNCLASSIFIED

Q There's also reference in these notes to a yacht moving hostages in six trips [redacted]. Does that sound like something you would have discussed?

A Well, that was an idea that if we can get the hostages out [redacted] they would be brought out of there with a yacht. That's what he's referring to. We did discuss certain types of methods of getting them out [redacted] So that was one of the ideas -- just an idea is all.

Q Now, what effect, if any, did the hijacking that occurred of TWA flight 847 have on your plans?

A A heavy effect, and we reported to Ollie that [redacted] So basically negotiations stopped at cross-line persons.

Q Now by the time of the hijacking did you know that some of the monies that you would be using to release the hostages were private monies?

A Yeah, sure.

Q And did you have an understanding as to whether H. Ross Perot was going to be the source of that money?

A That I couldn't tell you. I didn't know until much, much later. We figured it out in '86, needless to say, because Jay Coburn, who met [redacted] and Oliver North in that time frame -- May 24 --

Q 1986?

A 1985. Coburn apparently brings the $200,000 to Oliver North's office and [redacted] was called in there.

Q [redacted]

A Yeah.

Q So was it at that point that you understood?

A No. We didn't know who he was. [redacted] only knew that that was Jay Coburn because this guy on his briefcase had "Jay Coburn" on his briefcase, and as a good investigator he took note of that. But it was later -- it went into the '86 operation -- that Coburn came on the scene and then we knew that he was a Perot man.

Q Did Azzam ever say to you that he suspected as early as early May '85 that Perot might be a source of monies?

A Azzam got in another to-do with his big mouth in a joint meeting over there, and he mentions that there's donors involved -- some donors could be involved in this hostage thing.

Q You are talking about the joint meeting? This is the big meeting you had at CIA?

A No, this isn't with us. This is him in his meeting, his Monday morning meetings with CIA and the FBI and everybody else on this hostage thing. Apparently he mentioned something about donors, and everybody in the room went nuts. Needless to say, the CIA then called the White House. The White House called me and [redacted] What the hell did you tell him?

I said, we don't know anything. What do you mean? And then Azzam went over there and he said, yeah, that was just speculation that donors are involved.

Q But I gather you didn't know at that point that he had speculated as to any particular donors; is that right?

A No. I think he mentioned Perot, though. Later we found out he said Ross Perot. What can I tell you? But that was Azzam, between Azzam and CIA. Had nothing to do with us.

Q Do you recall getting orders from North during this period of time -- that is, the hijacking period -- to cease and desist for a while?

A Yes. Stand down, he said. It also upset our schedule too, you know, because you had to keep the pressure on in this thing, and the hijacking took the pressure off, [redacted] We lost time. And then we had to stand down. So we were losing our bona fides.

And then the threat that there was going to be a strike, it just all went against us. We had no luck.

Q So now did you meet with North at all during this hijacking period?

A Well, I think I met on June 14 with him. Hold on. No, I met June 20.

Q June 20?

A No, [redacted] met with him. I didn't meet with him. I may have talked to him on the phone, though. I spoke to him on the phone a lot, you know, and I don't remember when. It was hard to get in to see him because he was so busy, and I would get phone calls at 2:00 in the morning or I would try to get hold of him through the situation room and we'd talk on the phone.

Q How would you communicate?

A I'd have him beeped.

UNCLASSIFIED

Q Did you have any secure communication?

A Yeah.

Q Have a code?

A Code, but we cut things. That guy and, you know, [redacted] - things like that. He knew.

[redacted]

BY MR. WOODCOCK: (Resuming)

Q All right. I've got a note here in North's notebook showing on June 26, 1985, $15K for travel, and then it says, [redacted] depart today for", and then it's blank. Do you recall that event?

A Actually it was [redacted] and [redacted] who departed and [redacted] stayed back.

Q What was happening then?

A The deal was that the 200 would still go in.

Q The $200,000?

A The $200,000 would go in for the evidence and to try to get back our bona fides again with these

UNCLASSIFIED

people. [redacted] would handle the $200K, and [redacted] would be the escort on it, and I did not go in at that time.

Q And you understood, I gather, by this point that this $200,000 was not government money; it was unappropriated?

A I knew exactly it wasn't.

Q And [redacted] is handling it because he could handle unappropriated monies?

A He's a civilian, right. I'm not so sure if I couldn't handle it either. It was just set up that way. We set it up that way. I guess it was also because it was a large amount of money and it was just better to have one more witness to say that the money went in.

Q Do you recall who went and got the $15,000?

A I think it was [redacted] picked up the money, too.

Q That is [redacted] or [redacted]

A Right, because I met them at the airport and I think he gave me $5,000 of it.

Q [redacted] did?

A Yeah. And then, you know, I met them, I think within a few days, [redacted]

Q Met [redacted]

A [redacted] and [redacted] and Source 1.

Q So what happened at that meeting? What was the plan?

A Well, they came back. The money had gone in. [redacted] But I met with [redacted] and Source 1 and we discussed the possible extraction, how it would take place.

Again, it would be using a yacht. [redacted] would put the hostages on a yacht and we would have some time and maybe Oliver North could get some military vessel in there. I don't know. You know, it was that sort of thing at the time. But, if not, we would meet the yacht and take possession of the hostages. That was the speculation.

And we talked about how much money they wanted. They wanted $1 million a head, and it would be after the hostages were delivered.

Q Now at this point were you talking about all the hostages?

A We're talking about two -- Buckley and one other.

Q And that one other would be a clergyman; is that right?

A I think it was one of the clergymen.

Q So it would either have been Jenko or Weir?

A Yeah.

BY MS. NAUGHTON: (Resuming)

Q While we're on that topic, could we go to this Exhibit? Could I have this marked, please, as Exhibit 2?

(The document referred to was marked [redacted] Exhibit Number 2 for identification.)

This fits in real well because in public record this has been put in as Public Hearing Exhibit 2 for Attorney General Meese. I'd like you to read it. It's a two-page memorandum. You are looking at the unclassified version which means several names and certain places are redacted. But I'd like to have you read it and tell me if the information on this memorandum is accurate.

MR. MORROW: What's the date of it?

MS. NAUGHTON: It's not dated, which is one of the problems.

(Pause.)

BY MS. NAUGHTON: (Resuming)

Q [redacted] after reading the memorandum can you tell us whether or not in its totality it's accurate or whether or not there are inaccuracies?

A Generally in its totality it is accurate. Some things -- you know, $500,000 here or there -- I don't know. I don't know, you know.

Q Well, why don't we go through it, then? The third paragraph, beginning with "Once contact has been established", there is a reference that "the two DEA officers will deposit $200,000 and establish an account for $2 million. $500,000 will be available immediately in U.S. dollar cash for use in Lebanon."

Is that correct or incorrect?

A Well, you know, I know what he was trying to say here. Okay. The $200K went in, what was going to go in as the bona fide in payment of this evidence right here. Okay. Once we got the hostages in possession there would be some expenses because we would have to then pay [redacted] And I don't know. I don't remember setting any figure. Maybe that's why he was talking about the $500K. I don't know.

MR. MORROW: Half a million dollars?

THE WITNESS: Maybe that was their part of the bribe. Except for that point right there the rest of it is pretty close -- that the money would be paid. Once the hostages were in custody, the money would be paid later. But the $500,000 doesn't -- maybe [redacted] can explain it better. I don't know.

BY MS. NAUGHTON: (Resuming)

Q What he says about the agents, the DEA agents, actually depositing the money is, I gather, not true.

A That's not true. He misunderstood that.

Q And were you to set up an account for the $2 million?

A No way. We told him that one of the possibilities of this, that somebody would have an account and it would be passed to them after the hostages were taken, or they would be met in Europe and they would be handed the money in Europe somewhere. And then we told them -- or they may want part of it in cash and then part in the bank, and that's where maybe the $500,000 -- we may have said they want $500,000 in cash and the rest in the bank.

These were all, you know, speculative situations and we were just talking about them. But I don't recall saying specifically $500K. Maybe we did and maybe we didn't.

Q Were you responsible for renting the yacht for transport to Cyprus?

A It was never rented.

Q I'm not asking that. In the plan, as he states --

A Source 1 would have handled it, and then we would have been billed.

Q Source 1, then, was to actually rent the yacht?

A Him or one of his sub-sources. I mean, it would be coming out [redacted] so obviously it would have to be rented there on site.

Q Now on the second page of the memo, where it says "one of the DEA officers will proceed to Cyprus to rent a safe house", is that part correct?

A I don't know. You know, I don't recall saying we'd have to have a safe house, because it was my opinion at the time that you couldn't keep these hostages incognito in a safe house. Okay? [redacted] And that's not on here, and I know I said that.

Q Where do you think, then, Colonel North got the idea that you were going to rent a safe house?

A Maybe he meant a safe house and I meant the [redacted]

Q Well, he would not be talking about renting it if it was [redacted]

A Well, maybe he misunderstood me. I don't recall this. Maybe [redacted] talked about his. But, you know, it wouldn't set right with me to rent a safe house

[redacted]

So this could just be something -- you know, I don't know. Maybe [redacted] can explain it.

Q The next large paragraph, starting with "it is assumed", the sentence that says "the safe house will be used to harbor, treat, the first two hostages while arrangements (both financial and operational) are being made for the remaining hostages. A believes that at least 72 to 96 hours would be required for a second round."

Was it then contemplated that in addition to the two hostages indeed additional hostages would be freed?

A We felt, and the information that we had, that we could do this once we got two out, and that was the whole reason. And I think that's why he used the word "safe house". I don't recall using it. But that these people would have to stay incognito until we got the rest out, because obviously if the word got out and the press got it, the bribes that went in [redacted] [redacted] it would be over. The news would come on the scene.

And, like I say, the word "safe house" wasn't my word, because I talked about [redacted]

Q But my question is, did you expect, then, more than the two hostages?

A Oh, yeah.

Q The next paragraph regarding the DEA officers "are prepared to depart as soon as they are contacted by A." Is A Source 1?

A Yes.

Q "Travel arrangements and operational costs are currently being financed from funds from private sources." Is that correct?

A I don't know. I thought it was covert money.

Q Okay. In terms of your operational and travel expenses?

A Um-hum.

Q At the time, then, that you were receiving the money from Colonel North you believed that it was government money?

A That's correct -- not the $200,000, though.

Q No. We're talking about your expense money.

A Right. I thought it was covert money.

Q When did you become aware that it was not?

A When it all boiled out.

Q So not until November of '86?

A Exactly.

MR. MORROW: Did you learn then?

THE WITNESS: Only because it was in the hearings.

MR. MORROW: Well, the hearings didn't start in November '86.

THE WITNESS: Well, after November '86 I learned by the hearings or by information, I don't know. When was I interviewed in here?

MS. NAUGHTON: I believe in March.

THE WITNESS: You may have told me that it was not government money. But after the whole thing was over, that's when I learned it. Specifically when, I can't tell you.

BY MS. NAUGHTON: (Resuming)

Q Is this the first time you've ever seen this memo?

A The first time.

Q Did North show you any memoranda that he was sending up the line or to anyone else regarding your activities?

A No.

Q Were you aware that he was preparing such memoranda?

A No, not at all, truthfully.

Q Was there any understanding that this would not be put in writing?

A No. It's just that when he told me -- like he said, he talked to the AG, and I assumed that was it. I was surprised, too, that he was copious memo writer -- from the hearings.

MR. MORROW: Did you discuss a 30-day project?

THE WITNESS: Thirty to 90 days. We discussed that, yeah.

BY MS. NAUGHTON: (Resuming)

Q So it was your understanding, then, in June of '85 that you would only be detailed to this operation for 30 --

A We discussed 30 to 90 days, and I guess he just shoved 30 in there.

MS. NAUGHTON: Thank you. That's all the questions I had on that.

BY MR. WOODCOCK: (Resuming)

Q Let me just back up a minute, [redacted] Did North ever tell you -- and I'm speaking in the late May/early June period -- did he ever tell you that CIA had reached the conclusion that Source 1 was being scammed on this?

A No.

Q You've testified that your opinion of CIA's position was that it supported this.

A Sure. Well, when we split ways I don't know what they were thinking.

Q Again, you never received any information from North that CIA had lost faith in this operation; is that correct?

A Never. As a matter of fact, that could never have been because it was the CIA that came to me and I told them [redacted]

Q Now you're talking about late '85/early '86?

A That's right. So if they had doubts about me and my source, why would they come to me and ask [redacted]

Q The question I had was that North never imparted to you any information that CIA doubted the effectiveness of Source 1 or the effectiveness of his sub-sources; is that correct?

A Never. He never did. He always lauded Source 1's information.

Q North did?

A Yes.

Q And he never told you CIA didn't?

A Well, he didn't like the CIA, you know. He told me he only dealt with the old man and a couple other people. I can tell you that. He told me that.

Q That he didn't like the CIA generally and he only dealt with the old man, meaning Bill Casey?

A And a few people up on top.

Q Did he ever tell you that when he used this term "old man", did he ever specifically say when I talk about the old man I mean Bill Casey?

A I asked him that. I said who are you talking about? He said Casey.

Q And he would habitually refer to him as the old man?

A He said the old man a couple times. He said Casey.

Q I just want to make sure the record is clear on this point, that North never told you or gave you any information that the CIA thought that your source, Source 1, or his sub-sources were being scammed in this May-June '85 project.

A He never told me that and, to the contrary, he forced it. I was the skeptic. [redacted] I became the skeptic, and he's the one that put all that aside and says we're doing it.

Q Okay.

A You know, you have to understand there's a rivalry that started here between two DEA agents and the mid-level CIA. It would have been a very heavy slap in the face if we got lucky and took Buckley out of there, wouldn't it? And this was the major concern. It came to us by other sources.

Q So through other sources you get the impression?

A Not my sources -- other people in the government.

Q Not North but other people who are saying that mid-level CIA are not happy with you and [redacted] is that correct?

A Well, they were afraid we were going to be successful is what came back to us.

Q But the information wasn't coming back that they were skeptical of your ability to be successful; is that correct?

A That's correct. No. They were worried. I imagine, getting Buckley out, two DEA agents in their minds, and that's what came to me, not what you asked.

Q Now next in North's notebook is an entry that reads: June 30, 1985, call from [redacted] [redacted] Did you go [redacted]

A No.

Q He also on the same page has a note: Call from [redacted] And then there's another reference: Call from [redacted] He's got it down as [redacted] [redacted] so he's got you guys thoroughly wedded in his mind. And the entry is go or no-go. Do you recall reaching a break point in this operation, say on June 30?

A The only thing I could think of is that we were told to stand down and then he told us to go, go ahead.

Q Now I think the TWA 847 crisis had been resolved by June 29.

A That's possibly it.

Q So the next day this entry appears in his book. Do you recall receiving instructions to begin moving it ahead after the TWA crisis was resolved?

A Yeah, I do.

Q And again are those coming from North, those instructions?

A Yeah. I talked to him on the phone while I was [redacted]

Q Now what happens? You are told to go ahead. What do you do?

A We put the thing in motion and Source 1 goes in and tries to set this all up.

Q [redacted]t this time; is that correct?

A Yeah. We are in [redacted] We leave [redacted] [redacted] with Source 1. Then I catch up to them [redacted]

Q Let me just resolve this and see if your records resolve this.

A [redacted] Go ahead and ask the question. I'll clarify that.

Q The question comes from North's notebooks, which indicate that [redacted] is in [redacted] Is that inaccurate?

A [redacted] met me [redacted] with Source 1. [redacted]

Q And then do you recall several days elapsing before you went [redacted]

A I went [redacted] and they met me there. Excuse me. He's right. I met them [redacted]

Q Now after meeting them, what do you do?

A [redacted] and Source 1 returned [redacted] I return home.

Q And what's happening? Is this thing going ahead?

A Well, yeah. [redacted] went back [redacted] So we were on standby, in other words.

Q And I gather that contacts are being made [redacted] is that right?

A Um-hum.

Q And there are references in North's notebook [redacted]

A He kept good notes, you know that?

Q They are quite complete.

A I remember that phrase that we said over the phone.

[redacted]

Q And it also refers to money actually being passed [redacted] Now is that the $200K?

A Um-hum.

Q Then I have another entry, the same date, July 2, '85 that has [redacted] to put up -- that is P/U; I read that as put up -- $2 million.

MR. MORROW: Or pick up?

BY MR. WOODCOCK: (Resuming)

Q Excuse me. To pick up $2 million. What's happening there? Do you recall?

A Only if the hostages were coming out we would have picked it up -- if we were in possession of the hostages.

Q Now that is as of July 2, and it appears from that note that there's a possibility that if everything is going well you can pick up $2 million and hostages will be coming out, two hostages, presumably. Is that correct?

A Yeah. But we didn't decide how it would be picked up. You know, it would have gone to Europe or he would have had it brought to us. You know, and then we would have picked it up. Physically in possession of it? It depends on how the operation was going to be. It may not even have had to come all the way to us.

The important thing was that if we had gotten out two hostages $2 million would have to be available somewhere down the line.

Q Now obviously this plan does not bear fruit, as hostages do not come out. What happens? It breaks down. So what happens?

A It breaks [redacted]

Q So what was your next step?

UNCLASSIFIED

A The next step is we came home. [redacted]

Q Did you sit down and have a meeting with North?

A I'm sure we did.

Q Let me bring this to your attention and see if this brings it back. In North's notebooks there's a reference to [redacted] and [redacted] The date is July 15, '85. [redacted] It's not clear from the note whether that's a meeting or a phone call. Do you recall?

A I think it was a meeting. I don't know exactly, but I could have told him that on the phone, too. But usually on a trip like that, coming back, it's so important that we did not achieve our goals that I would have met with him. So I'm sure that I met him at his office or in the park across the street.

Q So you, I gather, didn't give up, however. You are still trying to move ahead on this.

A We left the door open. We left the door open, and at this stage of the game it wasn't costing us any more money on the part of Source 1, so we just left the door open. [redacted]

UNCLASSIFIED

[redacted]

Q Now I gather, then, that you advised the source to continue to do what he could to.

A The network was in place. [redacted]

UNCLASSIFIED

[redacted]

Q So the money, for instance, that Jay Coburn provided that then went to the Mideast, was that specifically and solely for hostage information?

A Sure it was.

UNCLASSIFIED

Q As opposed to drug information?

A It was for hostage information, for the bona fides and for this thing right here.

MR. MORROW: The $200K was gone?

THE WITNESS: It was gone in May.

MR. MORROW: Was there any other covert money?

THE WITNESS: No. I didn't even pay Source 1 ever again. I think I gave him $5,000 out of my own expenses or [redacted] expenses one time.

BY MS. NAUGHTON: (Resuming)

Q That you or [redacted] had received from Colonel North?

A Out of our own travel expenses.

Q That you had received from Colonel North?

A Exactly.

Q And that was for hostage-related activities as opposed to drug information?

A Oh, yeah. [redacted]

Q So we get it clear, what I'm getting at is was any what we know now to be private monies -- that is, monies you got from Colonel North or from Jay Coburn -- were any of those monies used to obtain narcotics information?

A No.

Q Likewise, you gave, I assume, none of that money to any DEA agents [redacted] in order to pay for narcotics information?

A Never, no.

Q Did you pass any of that money that you obtained from Colonel North to anyone else other than spending it for your own expenses?

A No.

Q And your source, then, got paid just the two times, the $200,000 --

A That wasn't a payment. That was for a project. That is not a payment. Let's make that very clear. That was for a project that was approved by North for bringing this [redacted] out. He said to me that Casey was satisfied with this.

Q When you say "this [redacted], that's Exhibit 1?

A That was the deal.

Q But nevertheless that was money that was paid to Source 1?

A No, it was not.

Q It was never given to Source 1?

A It was given to Source 1 and Source 1 gave it

[redacted]

Q That was money from Jay Coburn, correct, the $200,000?

A That's correct.

Q The only other payment that you can recall Source 1 or any other source in the hostage operation getting private funds, what we now know to be private funds or these funds that came from either Colonel North or Jay Coburn, was one other payment of $5,000 that you made?

A No. I didn't know they were private funds. I said they were my expenses that Oliver North gave to me, and I gave him some money one time out of the $5,000 that he gave me. I gave him, I think, $2,000 out of that on the first or second trip. Then, on another occasion when I was there, I gave him another couple thousand. That was, to me, covert money, not private money.

Q I understand. That is why I qualified my statement by saying what we now know to be private monies as opposed to appropriated government funds.

My question then is how many times did you make such payments of monies that you obtained from either Colonel North or Jay Coburn to any of the sources involved in the hostage rescue operation?

MR. MORROW: That goes back and covers the CIA money.

BY MS. NAUGHTON: (Resuming)

Q No, because I qualified it by saying any money from Jay Coburn or from Oliver North. I'm not concerned with DEA money. I'm not concerned with CIA money.

A I can answer that that I did not pay Source 1, I think, other than those $2,000 ever again in this whole operation.

Q The $2,000 from your expense money?

A We're finished with the $200,000 right? We understand that he got that money and gave it to those other people.

Q Yes.

A After that I think I gave him $2,000 of my money that Oliver North gave me, and after that I don't recall giving him one red cent for the rest of this operation.

Q So earlier when you said there might have been another $2,000, now you don't think there was. Just the one $2,000?

A I said $2,000.

Q And do you know when that was?

A I don't know. I don't recall. I remember giving him $2,000.

Q Would it have been in 1986?

A Could have been. But I only took one trip in '86 overseas. But it could have been then. I really can't -- these years overlap too much for me.

Q Is it safe to say it was after June '85 --

A I've got it right here. It was '86.

Q Do you recall when?

A In March of '86 I gave him $2,000.

Q Now how were you able to pinpoint that in your notes?

A I talked to him. I asked when did I pay you. The heavy payments he signed, and I asked him. I know I gave him $2,000, you know, and he told me --

MR. MORROW: What's this?

THE WITNESS: [redacted] gave him that, and he told me I gave him $2,000 one time when he left New York.

BY MS. NAUGHTON: (Resuming)

Q In March of '86?

A Yeah.

Q So this information is not from any contemporaneous note you made or received but from your subsequent conversations with the source?

A Well, it does in a sense. At the same time period [redacted] wired some money to him, and it was in that same time that I remembered I gave him $2,000 in cash, and that's why it did --

Q So his statement is basically corroborated by what [redacted] did?

A Exactly. He's the one that reminded me that I gave him $2,000 at that time. Other than that, I gave nobody any other money.

MS. NAUGHTON: Okay. Thank you.

BY MR. WOODCOCK: (Resuming)

Q Let me just follow this money line question down a little bit. You, I gather, began at some point receiving monies directly from North himself; is that correct?

A Yeah.

Q When he would give you these monies I gather it was in the form of traveler's checks; is that correct?

A My recollection is that my first trip was the only time I got traveler's checks, in which I think I got $5,000 worth of traveler's checks.

Q That would be July of '85?

MR. MORROW: When he uses the term "first trip" he refers to trips under the NSC as opposed to the earlier trips for DEA. So it's really the third trip, but he calls it the first trip.

THE WITNESS: I'll do it by months. That will be more accurate.

BY MR. WOODCOCK: (Resuming)

Q Fair enough.

A My first funded trip by Oliver North was in June.

Q June of '85?

A Exactly. And I'm pretty sure I received $5,000 in traveler's checks.

Q Now when you got this money from him, where did it come from? Where did he pull it out of?

A His office.

Q Were you present when he retrieved it?

A That is right. [redacted] gave it to me at the airport when I met him at the airport. It was [redacted] who got it at the office.

Q Now after this first trip money -- that is June of '85 trip money -- do you recall when you next received money from North?

A My recollection is I took a second trip and then was reimbursed on it after I came back.

Q Did you ever get money directly from North and not through [redacted]

A No. You know, I never did. I always got it through [redacted]

Q So you never were in North's office and he went somewhere and produced traveler's checks or cash or whatever?

A I don't recall that. I remember -- now, that's a good point -- that I never got it directly. [redacted] always caught up to me somewhere.

Q Okay. Let me go back to the chronological procession here. There's a reference in North's notebooks to [redacted] getting on a [redacted] flight on July 25, 1985, and ultimately going to [redacted] [redacted] London. Do you know what that's about?

A Yeah. He apparently was with a person that we coined the name the Prince, and allegedly this guy was a Saudi prince, as it was told to me by North, and that this guy had excellent contacts with the Kuwaiti government and the Lebanese government. And Oliver wanted us to see if we could develop anything or any of these contacts.

Q Is this the first time that the Saudi prince is brought to your attention, this July '85 period?

A Just a minute.

(Pause.)

I think it was in that time frame, yes.

MR. MORROW: What was the date of North's note -- 7/25?

MR. WOODCOCK: 7/25.

MR. MORROW: We've got it that the trip was 7/26.

MR. WOODCOCK: The note is 7/25. It may have been an itinerary for the next day.

THE WITNESS: [redacted] left on the 26th of '85.

BY MR. WOODCOCK: (Resuming)

Q Did North speak to you directly about this prince?

A On the phone, I believe.

Q And did he tell you how it came about that he had gotten in touch with this prince or how the prince came to his attention?

A I think he said through a Miller.

Q Richard?

A A Miller, meaning Miller, a person named Miller.

Q Did he provide you with any more information other than that?

A He just said this guy seems to be a heavy guy.

Q Did he say whether he'd met him or not?

A I don't recall that.

Q Did he tell you his name?

A Oh, yeah, we got his name.

Q That was at the time, over the phone?

A Yeah, I got it or [redacted] got it.

Q And al-Masoudi is the name?

A Ebrahim.

Q Ebrahim al-Masoudi?

A Yeah.

Q Did he have any other way of referring to him other than the Saudi prince?

A We called him, I think, the Gem and then the Prince.

Q Just let me say this. There are interspersed throughout North's notes references to Jewel.

A That's right.

Q So when you see Jewel that means the Saudi prince?

A That's correct. That's exactly it. I can't keep track of our codes.

Q Let me back you up in time a little bit and see if this means anything to you. In North's notes there's a reference to a May 2, 1985, call from Abe, and then he's got down [redacted] and then it says "recognized Jewel".

A I recognized Jewel.

Q Do you recall having any information on the Saudi prince back as early as May 1985?

A Um-hum.

Q How would that have come to your attention?

A I got him a visa in the Bahamas.

Q How did it come about that you were helping the prince get a visa in the Bahamas?

A Well, he asked me -- Oliver asked me, that he needed a visa on his Grenadian passport. And I said fine, where is he? He says, where can you get the visa? I said, you tell me where he is, and I'll get him a visa. And he says, we'll get him to the Bahamas. I said fine, and he got a visa.

Q Now did he explain to you at that time who the prince was and what his significance was?

A Yes.

Q What did he tell you about him?

A What I told you before -- that he was a Saudi prince and he had heavy contacts with the mullahs of the Hizbollah, and that we would then get him a visa, get him into Europe, and we would then develop him for whatever use we can on the hostages.

Q Now in-between this point where you obtain a visa for the Saudi prince and late July, had he come back onto your screen at all, the Saudi prince? Had you had anything to do with him at all in-between early May and late July?

A I don't know. I don't think so. I think that our next meeting was [redacted] is traveling with the guy.

Q Now when [redacted] was called upon to travel to meet with the prince I gather you were aware of that; is that correct?

A Oh, yes.

Q Did you make the connection between the Saudi prince being the same person you'd gotten a visa for?

A Oh, yeah. This was going to happen, you know, because that's why we got the visa for him, so that we could accommodate him and then debrief him and see what actually this guy can do.

Q Now on that May 2 note that I referred to there is a reference to [redacted] Do you know what that would be a referral to?

A Oh [redacted] was traveling for me on other matters. [redacted]

Q Is he a DEA agent?

A Yeah.

Q What's his full name?

A [redacted] And that was it, though. I was his supervisor. [redacted] But Azzam was in this. He knew, and he approved this.

Q I think the note reflects that the call came from Azzam.

A That's right. Azzam called me. He says, can you get this done? I said, sure I can.

Q Now I gather, then, that [redacted] did travel to London to meet with the Saudi prince; is that right?

A That is correct.

Q And Miller. What happened as a result of that. Did he come back and make a report to you on what happened?

A Well, he told me that he was with him and talked to him -- very hard to understand the guy, you know. His English wasn't too hot. But he mentioned a lot of names which were pretty heavy names -- you know, heavy mullah names -- Fadlallah, Masawi -- and at that time we figured that maybe he did know and he could help.

Q So were any steps taken at this point?

A Well, allegedly this guy was making phone calls to Kuwait and to Lebanon, you know, trying to get these contacts going. That's what [redacted] told me.

Q So did you and [redacted] take any steps with respect to the Saudi prince at this time?

A We just had, you know, this information and we told him to contact who he thought was important, who had some control on these hostages, and once he came to some kind of accord with these people to contact us, because [redacted] left there, I think, August 1 and came home and left the prince there, I believe.

Q The people you were suggesting he contact, these were the sub-contacts of your Source 1?

A No, no. This is separate. This is not Source 1 any more.

Q Is Source 1 on the shelf?

A No, no.

Q He's still continuing in his traces?

A Source 1 is passing me information constantly, and I pass it to Ollie.

Q So you and [redacted] give him names of persons [redacted] who are not sources?

A No, no. He gives us names.

Q Explain that to me.

A We don't let sources of information -- we don't give them the names. We debrief him, and he says, you know, I know mullah Fadlallah. I know Masawi. He names a bunch of other people. [redacted] would know who they are.

Q I am misunderstanding your testimony, then. I gather what you then told him was go ahead and get in touch with these people you have told us about; is that right?

A Exactly. Get hold of them, set up some kind of meetings, try to lure them into Europe, and then he said yes, he'd do it.

Q Now does he need money to accomplish these things?

A As far as I knew he didn't.

Q Did you give him any money, do you recall?

A I did not. I never gave him any money.

Q At any point?

A I never gave him any money.

Q You never gave the prince any money?

A No.

Q I'll ask the question differently. Are you aware of [redacted] giving him any money?

A No, never did. [redacted] paid a lot of his expenses, if that's what you mean -- paid a bunch of his expenses, which was money from Oliver North, though.

Q Well, I don't want to get into a word game here, but at some point the prince was incurring expenses and [redacted] is making money available to the prince to pay the expenses?

A But I don't know if that was this trip.

Q Let me just ask the question generally. Did it ever happen?

A Yes.

Q And to your understanding that was money coming from North?

A Oh, yes.

Q Through [redacted]

A Oh, yeah.

Q To the prince?

A Exactly.

Q Did that money ever pass through you?

A No.

Q You were aware of it, however?

A Sure.

Q Now [redacted] has met with the Saudi prince, al-Masoudi, in late July, and al-Masoudi is advised to go ahead and see what he can do with these important Lebanese names that he has brought up. Does he do anything? What happens?

A Well, you know, [redacted] was talking to him. I never talked to him. I couldn't understand him. So I told [redacted] he had to talk to him.

Q At what point did you actually see him to talk to?

A I saw him one time in August. I met him [redacted]

Q Do you know approximately when that would have been?

A It was exactly August 22.

Q Was that the only time you met him that you recall?

A Yeah. I think that was it.

Q Now has he done anything by then?

A No. He's just giving us a bunch of names.

Q Is it at this meeting that you say go ahead. If you know these people, go ahead and contact them?

A It was the August meeting that I finally stuck my two cents in and talked to him.

Q Then what happens?

A I tasked him. I got hard on him. I says, you know, are you going to do it? Are you going to be in trouble? I was the bad guy and [redacted] was the good guy. Okay? So he said he could do it. He swore on Allah, you know, and everything else. And I left -- like a couple days there.

Q Now there's a reference in North's notes dated August 28, '85, that says "call from [redacted] $10K needed ASAP." Do you know what that's about?

A I was in the States by then.

Q What's happening?

A And [redacted] We got information. There was some imminent possibilities of getting lucky again and getting a hostage, and we waited there.

But then August 22 [redacted] and I go [redacted] and we debrief the Prince. Then I leave on August 25 and [redacted] remains [redacted] through September 19, and so my conversations, then, with Oliver North is this guy has no money. His credit card is almost bankrupt.

Q That is, the Prince?

A No, that's [redacted] So I says, get him some money. So apparently they sent him $15,000 through the Prince's hotel, and the Prince got the money. And then the Prince gave it to [redacted]

Q So the money was wired to a hotel and the Prince?

A Where the Prince was staying.

Q And the Prince gave it to [redacted]

A Right.

MS. NAUGHTON: Did the Prince give all $15,000 to [redacted]

THE WITNESS: I don't think so. You'll have to ask [redacted] I'm not sure how that was broken out. But then [redacted] paid the expenses of the Prince and himself from that $15,000. And it was during that time frame that [redacted] developed Source 2.

BY MR. WOODCOCK: (Resuming)

Q Let me back you up a little bit. You also meet with Source 1 and you thought you might be getting lucky. What did you mean by that?

A Well, I thought we were going to get a hostage out, that some negotiations had fired back up with the old contacts, and we just thought that we were moving in the right direction to get one out.

Q Is this still the same plan of $1 million per hostage?

A Yeah.

Q What happened with that? Why did that not pan out?

A It didn't pan out.

Q Any reason?

A I'm not sure, but I think it was at this time frame that we passed information to Oliver North [redacted]

Q And this is August of '85?

A Yeah. I think it was August.

Q Did North give you any information in August of '85 that he was receiving information from other sources that Buckley might be dead?

A Yes. Well, that was a constant thing. Nobody knew if he was alive or dead.

Q But I'm talking about something more specific.

A I'll tell you very frankly I told Oliver North that Buckley was dead.

Q You did? Based on what?

A Based on Source 1 telling me that Buckley was dead.

Q When did he tell you that?

A It was, I believe, in this August thing.

Q Now let me ask the question I asked a few minutes ago. Did North ever tell you, based on information independent of what you told him --

A Later, I think.

Q I'm just staying in the August time frame, that he had received information in August from a source independent of you that Buckley was dead?

A Yeah. I thought it was CIA told him. You know, it was what came first -- the chicken or the egg. I don't know. But we talked about Buckley. [redacted] I told him another time in that same time frame that

Buckley was dead, and then he told me that yeah, he's dead and that the CIA said he's dead, too -- or some other sources.

It was one of those things. I don't know who got to it first.

Q Now let me ask you again on the subject of Buckley -- this is over the entire span of the operation -- did there ever come a point after that where you received information that contradicted your assumption that Buckley was dead?

A Yeah.

Q When did that happen?

A I would say in August-September also. It was after, obviously, what we told him originally -- that he may not be dead.

Q Was that again from Source 1?

A I don't know. I don't remember that.

Q Do you remember having an opinion as to whether he was dead or alive based on the information you received from Source 1 that he was dead and the other information received that he was alive?

A My opinion was that I was uncertain, because I don't know if it was Source 1 that gave me the information, and then even Oliver North corroborated that, too, that his sources or whatever said that he could be alive.

Q Do you recall information coming in to you much later than that, in early '86, that Buckley might be still alive?

A The prince said that, as a matter of fact. I think the Prince. That was one of the heavy's information that he passed to us, that Buckley was alive.

Q Did you have an opinion on that? Was it a firm maybe?

A No. By then, by August -- let's see. By October -- [redacted] left. By October 20 I told Oliver North that the Prince was a con, a liar, and useless.

Q October 20, '85?

A Right. And that we think -- and we told him that we think he's an Iranian and not a Saudi.

Q Now let me take you back again to early September. There's a reference in North's notebooks on September 3, '85, to [redacted] being in [redacted] and then approximately the same period of time there's a reference to a call from [redacted]

UNCLASSIFIED

[redacted]

BY MR. WOODCOCK: (Resuming)

Q It's a call from you.

A I was there, as a matter of fact. [redacted]

Q Now there's a reference here to Abe Azzam, and it looks like "interfered", but it's spelled incorrectly. And then there's a reference to Kontex -- K-o-n-t-e-x. Does that mean anything to you?

A No.

Q There's also a reference to the 7th U.N. Conference on Criminal. Does that mean anything to you?

A No. Azzam used to attend those U.N. conferences, though. But I don't know. I think he was laid up in bed. He was laid up in bed for six months after he had his operation. I don't think he was getting around much.

Q Now do you recall -- and let's limit this question to the September '85 period, or August-September '85 -- do you recall at any point learning or being put in touch with Richard Secord?

A I never did.

Q You never did yourself?

A No.

Q Do you recall Secord coming into the picture?

UNCLASSIFIED

A Only after [redacted]was shown his picture here the first time we had this informal meeting. I mean, he knew it was Secord, because at the time he met him [redacted]. [redacted] it was Cope or Copp.

Q Copp.

A [redacted] told me about that after he left this meeting.

Q Let me back you up on that point. [redacted]et with Secord. Do you recall in August or September did he tell you he was meeting with this fellow Copp?

A It was October by then.

Q And what was the purpose of Secord or Copp meeting with [redacted] Was that made known to you at the time?

A I think Copp met with the Prince, too, and came to the same conclusion. I had talked to Oliver North and said the Prince is useless, and then he called Copp to go check the Prince out, too, and I think that's how he met [redacted] because [redacted] was hanging around with the Prince, you know, waiting for information.

Q And I gather -- was Richard Miller in the area, too?

A I don't think so. Not that I recall. I don't think he was there.

Q So I gather you understood that Secord was supposed to do some kind of evaluation of the Prince as well?

A Well, afterwards I figured that out, but at the time I just knew that this guy Copp was someone that Oliver North knew who met with [redacted] and also met with the Prince and then told [redacted] that this guy's useless.

Q Do you recall knowing the name Copp as of October of '85?

A Yeah. I think [redacted] told me on the phone. [redacted] called me. When he was overseas, he always called me daily.

Q Do you recall learning from [redacted] or from North that Secord was providing money for the Prince?

A All I can say is no. He may have been providing to the Prince unbeknownst to us, but he didn't provide us any money, or he didn't provide [redacted] any money.

Q And at this point did [redacted] or anyone else tell you about Secord bringing along Albert Hakim to evaluate this so-called prince?

A He told me there was another guy. He never told me the name. I remember he told me there was another person.

Q Did [redacted] go to the meeting where this all occurred?

A I don't know if he was there when they were talking to the Prince or he met them later. He just told me that they came to the same conclusion as we did, that the guy was a con.

Q Now in August when you met with the Prince and you told him to go ahead and make good on his representations, by October 20 you'd reached the conclusion that he can't produce. What's causing you to reach that conclusion?

A Nothing is happening. The same old story. I'm contacting mullah so and so and he hasn't called me back. I'm contacting this person; they haven't called back. It's hard to telephone. It's hard to get the line through.

Q Is he asking for money?

A No. I know that $15,000 went in there and he got part of it, so [redacted] can explain that better than I can.

(Whereupon, at 12:58 p.m., the taking of the instant deposition recessed, to reconvene at 1:30 p.m., the same day.)

UNCLASSIFIED

AFTERNOON SESSION

(1:45 p.m.)

Whereupon,

[redacted]

the witness herein, having been previously duly sworn, was further examined and testified as follows:

EXAMINATION - Resumed

BY MR. WOODCOCH:

Q We had just gotten to the point, I think, [redacted] where you were telling us you had become skeptical of the Prince; is that right?

A Yes.

Q And I think you had referred to having reached that conclusion by October 20, '85.

A Excuse me a minute.

(A brief recess was taken.)

BY MR. WOODCOCH: (Resuming)

Q [redacted] I think you testified when we had just broken for lunch that you had become skeptical of the Prince, by October 28, '85; is that correct?

A That's correct. We wrote him off at that time period.

Q I want to bring to your attention in North's notebooks there's a reference on October 31, '85, "call from [redacted] and it says -- it has a reference

UNCLASSIFIED

then to [redacted] and says: "Why did Miller call [redacted] Jewel says nothing pending. Does the FBI want this guy?" Does that bring anything back to you?

A Yeah. I think [redacted] called me and said that Miller had called the Prince and something about an investigation pending in the States. And [redacted] called me and said what is this about, because the Prince, you know, got all nervous. And when I talked to Oliver he didn't know anything about it either. And that was it.

Q Now there's another reference, and this is dated 11/4/85, to a meeting with you and North and [redacted] Do you recall that meeting at all? This would be November 4.

A It's possible, yeah.

Q Let me just give you some snippets from that meeting. There's a reference here to "Jewel insists that deal will still go through."

A He did.

Q Now what's he talking about there? What's the deal?

A He's talking about his contacts with the mullahs in Lebanon will prevail eventually.

Q Is there any specific deal, or just my contacts are going to come through?

A That's what he was talking about. I mean, as far as what I understood it. You know, I closed the door, but [redacted] left it open with the Prince.

Q Then it says J., which I assume was a reference to Jewel "says he paid $250,000 to a bank." Do you recall him saying anything like that?

A I don't know anything about that. I know he's a con man. Later we found out he's in jail and everything else, and that was right up his line -- conning people and conning banks.

Q There's also a reference that Miller is benefitting. "Miller owes J" -- I'm assuming that's Jewel -- "money." Do you recall any topic about that?

A Yeah. I think [redacted] told me that the Prince said that Miller owes him money. But, you know, at that stage of the game anything that Jewel had to say I didn't care.

Q I gather this is pretty much a report from [redacted] then. Does that sound right to you? [redacted] is providing the information on this?

A Yeah.

Q There's a reference here to the [redacted] [redacted] Was that in the works?

A He went and came many, many times, you know, and I may have just told Ollie that he is going back in. [redacted]

[redacted]

Q Now there's also a reference to [redacted] who was reported as saying that $2 million could be enough. Do you know what's happening with that?

A What time frame?

Q This is again November 4, '85.

A We were developing [redacted] that we'll call Source 2 and getting him involved in the hostages.

Q Wait a minute. I'm going to back up on the sources here. You referred to a Source 1, [redacted] [redacted] early in your testimony, and then you referred [redacted] meeting in February there was a Source 2, who was [redacted] This isn't the same fellow?

A Source 3, then.

Q So this would be Source 3. Source 3 is saying that $2 million could be enough. And then there's a reference to "got $2.4K from blank."

A I haven't the faintest idea what that means.

[redacted]

Q Then at the bottom of this note there is a reference to "owe[redacted]13.5 plus 2.4, for 25.9K."

A Probably, because[redacted]was out there with no money day after day after day for months.

Q And that appears in North's notes. Presumably that's North owing[redacted]that kind of money; is that correct?

A [redacted]was fronting his own money, or his credit card, anyway.

Q There's a reference then eight days later to a meeting with a fellow named [redacted] Does that mean anything to you?

A A friend of [redacted] He's an FBI agent.

Q And it says here that the meeting is [redacted] [redacted] re [redacted] work on the hostage issue. What's [redacted] doing? Is that how you pronounce it?

A Yeah. He's on the foreign desk for the FBI, and he had some good contacts [redacted] that we could have used, and that's why he brought him in there to introduce him to North.

Q Were you able to use him?

A We used some of his contacts, yes.

BY MS. NAUGHTON: (Resuming)

Q Can I ask about [redacted] Do you know whether or not North had any contact with Buck Revell of the FBI regarding [redacted]

A I think so.

Q Do you know what that was about?

A To get him assigned to the detail.

Q Was he then to be part of your team?

A Was he a part of my team?

Q When you say "get assigned to the detail", what detail?

A [redacted] and myself.

(A brief recess was taken.)

BY MR. WOODCOCK: (Resuming)

Q Now during the month of November what are you and [redacted] doing?

A In November [redacted] comes back [redacted]

Q Do you know when that was approximately?

A He came back November 3. And through December we just were getting information from the sources and sub-sources [redacted] and passing the information to Oliver.

Q That includes Sources 1 and 3; is that correct?

A One, 2, and 3.

Q Two is also feeding information?

A Everybody is, yeah.

Q Is anything happening?

A [redacted]

Q And are you feeding any monies out at this point?

A No. We have no money.

MS. NAUGHTON: Who is [redacted] do you know?

THE WITNESS: No.

BY MR. WOODCOCK: (Resuming)

Q Let me back up on that. There is a reference in a North note that I referred to earlier of November 4, '85, which deals in part with the Saudi prince. It also has a reference in the same note to dealing with Dr. Rocco -- R-o-c-c-o. That means nothing to you?

A No.

Q Now, as we all know, in November of '35 there was a flurry of activity involving an effort to release the Lebanese hostages through the provision of HAWK missiles to Iran. Was that anything you were aware of at the time?

A No.

Q When did you first become aware of that?

A When the story broke.

[redacted]

[redacted]

Q Okay. Now there's another reference in North's notebooks to a call coming in from [redacted] and the note is dated December 24, and it says: "Two coming out next week", and it has a reference to the person who I believe is Source [redacted] and it says [redacted] going to meeting."

Do you recall anything about what is going on at this period of time?

A Um-um.

Q That would be Christmas Eve. Was there anything afoot about hostages coming out or sources coming out at that point?

(A brief recess was taken.)

BY MR. WOODCOCK: (Resuming)

Q When we broke a few minutes ago I had asked you about whether you recalled anything happening on December 24, '85, which would be Christmas Eve, about either your sources or hostages or anything of that magnitude coming out of Lebanon during that period of time.

A I don't recall anything. We continued to pass information even through the holidays, you know. I have no specific recollection of anything appearing that was exciting at the time.

Q Let me just back you up into December. What do you recall going on in December? Anything happening at that point?

A In December I met Charlie Allen and started to brief him. I used to meet him occasionally and Oliver North was so busy that we started briefing Charlie Allen, and he talked to us on the phone and went over to his house a couple times.

Q Let me back you up on Charlie, then. You recall meeting Charlie Allen in December of '85; is that correct?

A Yeah.

Q Do you have a date on that?

A We met him the first time December 11.

Q On December 11. How do you know it's December 11?

A I think we had that written somewhere. I don't know where -- maybe on my weeklies or something.

Q Now when you met with Charlie Allen was [redacted] with you?

A Yeah.

Q How were the introductions made?

A Yeah, it was both of us. Oliver North

UNCLASSIFIED

introduced us.

Q Where were you; do you recall?

A At the Executive Building.

Q North's office?

A Yeah.

Q Now when North introduced you to Allen what did he tell you about him?

A He said Charlie Allen was on board and knew about the hostages, and that we were passing intelligence and that we were trying to get them out.

Q And was there an immediate purpose for him introducing you to Allen?

A Yeah. You know, he said that Charlie Allen would be more convenient for us to contact him and pass him intelligence, since we hadn't planned any trips at this stage of the game.

Q Was it your understanding at that meeting that Allen was to be like a substitute contact for North?

A Kind of, yeah. That was my interpretation.

Q Let me put the question differently and see if you have the same answer. Was it your understanding that if you called Charlie Allen it would be as good as calling North, that the information would get to North?

A Yeah. The information would get to the CIA, because Charlie Allen was in the CIA.

~~TOP SECRET~~ UNCLASSIFIED

Q But it would also get to North, too? Was that also your understanding?

A Sure. I knew North was giving this information to CIA all along. So I guess he was making it quicker.

Q Now what did you understand Charlie Allen was supposed to do with this information? What did you think his job was?

A You want my opinion?

Q Yes.

A Charlie Allen's job was to -- I had another Azzam on my hands. He wanted information so he could have his meeting at 9:00 in the morning with whomever he met. I figured that out after meeting him, plus a Major who worked for Charlie Allen used to come see [redacted] and me.

Q That would be [redacted]

A Yeah. Nice kid and the whole thing. And I told him, I said, your boss stinks.

Q Okay. We're going to get to [redacted] in a minute. When you met Charlie Allen, however, in December in North's office, that was before you met [redacted] is that correct?

A Oh, yes. I didn't meet [redacted] until after.

Q And your opinion of Charles Allen was that he was taking the information and not making effective use of it? Is that what I take from what you're saying?

A No. He had to be the one that had the information; therefore, we were his sources.

Q And who was he reporting to that made it valuable to have you as sources?

A Some committee. I'm sure he had some committee. Oliver explained it to me, what committee he was on or something. I don't know what it was. Maybe he was briefing his boss, whoever that was. I don't know. But he used to call, and when we finally figured it out, [redacted] and I, he needed it for some 9:00 or 9:30 meeting.

Q And that's what -- weekly or daily or what?

A It was daily and weekly he called us. He wanted an update, and then that's where [redacted] got into it. He was kind of an honest kid who lefthandedly told us that that's what Charlie was using it for, and that he was going to go back to the military and the hell with all of this.

Q Now having met Charles Allen in December, on December 11, did you have any other meetings or conversations with him during that month?

A Yeah. We met him quite a few times. As I said, I met him a few times at his house.

Q What I want you to do is limit this observation to December, if you can.

A That's the best I can recollect, is that we met him a couple times in December, and I think we even met the Major in December, too.

Q And that was simply to pass information; is that correct?

A That was it. We were passing information, intel. [redacted]

Q Now was Allen involved in any plans for any operations that you knew of?

A No, none that I knew of.

Q So it was simply an intelligence-passing exercise; is that correct?

A He had me check somebody out for him also, a journalist by the name of Hayden Guest.

Q What did he want you to do that for?

A He wanted to know if this guy was reliable and I said no. [redacted]

[redacted]

He wanted to know -- he asked me. He told me one time, he said, the hostages are in this town. You see this town here? And he gave me the name.

Q In Lebanon?

A [redacted] I said it's impossible.

Q Who is telling you this?

A Charlie Allen told me. He said check this. I said it's impossible. [redacted]

[redacted]

Q Now, let's go to the first time you meet with [redacted] Do you recall where and when that was?

A I don't recall exactly. I seem to remember that three or four times we met him. It was in a hotel lobby somewhere in Tyson's Corner.

Q Let me throw something out and see if it helps you. [redacted] has been deposed and he has told us that to the best of his recollection the first time he met you and [redacted] was at the Old Brogue Inn.

A You got it. That's right.

Q Is that consistent with your recollection?

A Yeah. It was there. I also met him at the Sheraton in Tyson's Corner. If he said we met him there the first time, I believe it.

Q Now was there an immediate purpose for your being introduced [redacted] You'd already met Allen at that point?

A I think Allen sloughed him off on us.

Q The idea being?

A That he did not find he could get the

information directly from us, so he put [redacted] on us.

Q I gather, then, that you had information you wanted to give to Allen; is that correct?

A I wanted to give it to Oliver North.

Q And Allen was the conduit?

A He was the conduit, and then this Major became the conduit.

Q So when you met [redacted] and Allen for the first time, do you recall what information you were imparting to them, or was it just an introductory meeting?

A I think we gave them some information on that occasion.

Q Do you recall whether North went to that meeting?

A I think he showed up late.

Q Let me ask you this. Was there any arrangement between you and Allen that you would pretend not to know who Allen was at that time, or that you would go through the formalities of appearing that this would be an introduction for the first time to Allen as well?

A I don't recall that. I know that CIA like to be incognito, but he wasn't that way, because we went to his house twice, so he wasn't that incognito.

Q Now, do you recall meeting with [redacted] in New York in January of '86?

A We may have taken him to meet Source 1.

Q Well, I'll tell you just briefly that he recalled going [redacted] and meeting with you and a man who he described as [redacted] Do you recall that?

A Yeah.

Q He also said there was [redacted] he was introduced to who was also a source that you and [redacted] [redacted] had developed; do you recall that?

A Um-hum.

Q What do you recall about that event?

A They wanted a debrief for Source 1 and Source 3, so I said go ahead. We weren't getting any money for them. Then he says well, we can probably get you some money. Let us debrief them. I said fine, come on out. I had nothing to hide.

Q Now what was the arrangement between you and [redacted] and Major [redacted] Was [redacted] identity to be known to these people or was he coming incognito?

A He was incognito also. From what I recall, everybody wants to be incognito, so we said okay.

Q And I gather that neither you nor [redacted] would have imparted his true identity to either of these two sources; is that correct?

A He says he wouldn't have imparted mine. They didn't know who this guy was. We told him he was a DEA intelligence guy, I think. That was the story we gave them. They've got to write it in a report, so just talk to them.

Q Now was anything supposed to follow from [redacted] [redacted] interview of these two people? Was anything planned that had caused this evaluation to occur?

A What was supposed to follow is that as the intelligence came in some fees would have been paid through this Major and Charlie Allen, and it never happened.

Q What never happened? No intelligence or no payment?

A Oh, tons of intelligence. No fees.

Q So both Source 1 and Source 3 went back [redacted] [redacted] I gather, and fed intelligence out to you?

A Yeah. They made trips back there again, you know, and we got the intelligence. And eventually we phased Allen and the Major out and we were back talking to Ollie North.

Q Let me ask you how you accomplished that. You say you phased them out. How did you do that?

A I told them I wouldn't talk to them any more.

Q You told that to both of them?

A Yeah, both of them.

Q What was your reason for wanting to phase them out?

A They did nothing for the cause. They just wanted info to pass to whomever they were dealing with.

Q Now what would they have done to do something for the cause?

A This kid [redacted] He knew you have to pay sources. He agreed they should have been paid, but eventually he told me Allen wouldn't pay them.

Q So you and [redacted] were looking [redacted] and Allen to come up with some money to pay off the sources; is that correct?

A Um-hum.

Q Now did you go to North at some point and complain about these guys not coming through?

A Um-hum.

Q Do you recall when that would have been?

A Not really.

MS. NAUGHTON: Did [redacted] tell you that they had approached Casey for money to pay the sources?

(Pause.)

THE WITNESS: Before we start, Ron brought something up to me and you may be confused about these sources. [redacted]

BY MR. WOODCOCK: (Resuming)

Q That's what you had testified to earlier. That's what you designated him as.

A [redacted]

Q I think we're straight.

A I was pretty sure you had it.

BY MS. NAUGHTON: (Resuming)

Q What did [redacted] say regarding who would or wouldn't pay? Did he indicate to you that he and Charlie Allen had gone to Casey asking for money?

A Oh, Casey didn't come out of this, and Charlie Allen never said he'd go to Casey. Charlie Allen said to me that he would get some money up so we can send these sources back in, and it just never happened. And then the Major wouldn't meet me. And then it got to the point the Major would meet me or [redacted] and he was embarrassed because he came for information and then we said well, when are we going to send these people in there. You know?

He says, well, I'm working on it. I told him, [redacted] it got to the point, I think, at our last meeting with the Major, and he says, that's when he said he can't take this any more and he's going back to the military.

Q First of all, did he give a reason as to why the money was not forthcoming?

A No, he never did. You know, it just wasn't there.

Q Did he tell you why he was dissatisfied and was leaving?

A I don't think he liked his job, was the impression I got.

Q Well, what particularly did he tell you he was dissatisfied with?

A I just don't think he liked what he was doing -- flunky work. So you can imagine how we felt when this guy's coming to us for information. Okay? So it just kind of came to a dead end, you know. We said goodbye to the Major, who I really liked -- I really respected this kid -- and I contacted Ollie North and I said don't have Charlie Allen call me.

He said why, and I told him. I said this is bull. You just can't keep getting information and getting information.

BY MR. WOODCOCK: (Resuming)

Q Can you place that at all in time -- that call to North?

A I can't place it. It was after the new year, I'm sure.

Q Now there's a reference in North's calendar to a meeting with you and [redacted] on January 28, 1986, and that is preceded by exactly one half hour with [redacted] which is [redacted] full name. Do you recall that?

A January 28?

Q Correct.

A No, I don't. I don't have any indication of that.

Q Okay.

A You know, it's possible. Don't get me wrong. There could have been a meeting.

Q But you can't recall it; is that correct?

A No, I don't.

Q Let me divert just a minute here and ask you do you recall hearing the name [redacted]?

A It doesn't ring a bell.

Q This fellow is with the National Security Agency, and he would have charge of secure communication devices. Does that bring anything back to you at all?

A No.

Q Let me move on, then, to January 31 of 1986. There is a reference in North's notes to a call from [redacted] and next to that is $7,500. Let me ask you on that score, does that bring anything back to you?

A What's the date?

Q January 31, '86.

A No. [redacted]

I can only assume that that money was for Source 3.

[redacted]

UNCLASSIFIED

Pages 171 - 176
(6 pages)
DENIED IN
TOTAL

UNCLASSIFIED

[redacted]

Q The same note, March 3, 1986, has a reference to "two boats ready to do [redacted]" Do you know what's happening there?

A Ollie asked us if we had two boats available for him, and we said yeah.

Q Now when you say "had two boats available", what did you have available [redacted]

A [redacted] not to go in.

Q That's the way the note reads. So they would be going [redacted] is that correct?

A Yeah, or in the water around it.

Q And when you say you had these two boats available, is this any two particular boats?

A Yeah. [redacted] So we knew what boats were available for rental. That's all. [redacted]

Q Was there something going on here that caused two boats to be at ready to go [redacted]

A Many times. Ollie said stand down. It could have been that time.

Q Do you know whether there was something going on?

A I don't know. He just asked me one time. I remember he asked me about can we get two boats, and I said yes.

Q Do you recall ever telling [redacted] that you and [redacted] had boats available or boats that you could get hold of?

A I think I did. He may have asked us, too, about boats, come to think of it.

Q I'll tell you that he recalled you and [redacted] referring to having fast boats available.

A Fast enough. Not cigarette boats.

Q These would be boats that you didn't actually own them; they were boats that you would be able to rent, is that correct?

A Um-hum.

Q Did you ever get to the point where you rented those boats?

A Nc, we never got the chance.

Q Okay. Now is there anything going on with your various sources now -- Sources 1 through 3 -- in this February-March period?

A What we did is, we get some more support. [redacted]

Q So these would be in addition to Source 1 through 3?

[redacted]

A Yeah.

Q Were you able to do anything with those [redacted] sources?

A Yeah. They gave us information. Once they went back in, they passed information.

Q Did you provide them with any monies to defray expenses?

A We gave them some money.

[redacted]

BY MS. NAUGHTON: (Resuming)

Q Where did you get the money that you paid them?

A [redacted] DEA paid it.

Q So they were paid out of regular DEA funds?

A It was a DEA operation.

[redacted]

[redacted]

(Pause.)

Q Let me direct your attention, then, if I may, [redacted] to another note in Ollie's -- I say Ollie -- Mr. North, Colonel North's notebooks. This one is dated March 18, 1986, and it's headed "meeting with [redacted] and [redacted] and has the following entries. "$5K for" I think the person we've identified as Source 3 [redacted] [redacted] That's your Source 3, isn't it? [redacted] is that correct?

A [redacted] Yeah, I'm sure. As I say, he was going and coming quite a bit at that time.

Q Then another entry: "$5K for Source 1".

A Yeah, that's true.

Q And then "$5K for [redacted] to California for Prince." [redacted]

A That's true.

Q What's happening there?

A Well, apparently [redacted] was going to go to California and debrief the Prince one last time, from what I understand.

Q Let me stop you there. Do you recall this meeting? Was this billed as a meeting with North, you and [redacted]

A I don't know if it was a meeting or on the telephone.

Q Do you recall three people participating in it -- you and [redacted] and North?

A It could have been, without a doubt, but I know about the $5K for Source 1, because we wired that $5K. I know we needed money for Source 3 because he was going back and forth. I thought it was $2K, but it could have been $5K.

MR. MORROW: This is the two that you gave Source 1 and then it was five more.

MR. WOODCOCK: Why don't we go off the record and you can review your notes?

(A discussion was held off the record.)

THE WITNESS: I gave Source 1 $2,000.

BY MR. WOODCOCK: (Resuming)

Q Do you recall when that was?

A That was in March.

Q So this $5K reference is in addition to the $2,000; is that correct?

A And then [redacted] wired him $5,000, I think to the old country or wherever he was -- Europe or the old country.

Q Now this reference to [redacted] going to California for the Prince, is this ~~the~~ same prince that's the Saudi Prince?

A Right

Q Al-Masoudi?

A That's it.

Q Now there's a reference to [redacted] Who's that? Is that also the Saudi Prince?

A No.

[redacted]

UNCLASSIFIED

[redacted]

Q Let me run something by you. [redacted] In the Tower Board report there is a reference to a North PROF note that goes on for half a column, and in it there is a reference to "Dick", which is Richard Secord, "has been working with Nir", which is Amiram Nir, the Israeli contact, "on this and now has three people in Beirut and a 40-man Druze force working for us."

A He was quoting Oliver North, that's all, and that was the force we talked about, I would think.

Q [redacted] 100-man Druze force; is that correct?

A Sure. On the other hand, though, you know, the Israelis do control the Druze. Okay? And, you know, Secord, you know, out of the hearings was very tight with the Israelis. Maybe it was his own force; I don't know.

Q Let me just ask you this. Do you recall Richard Secord being in any way connected to this 100-man force [redacted]

A I don't know. I never knew who Secord was or

UNCLASSIFIED

did until this all came about, and then we found out that Copp was Secord in that one meeting he had with [redacted]

Q Now the same question on Amiram Nir. Did you know who he was?

A Who?

Q Amiram Nir.

A He's an Israeli.

Q Did that name mean anything to you at the time, back, let's say, in March-June '86?

A Not at the time.

Q Is he someone you've come to know only since the exposure?

A No.

Q When did you first come across Amiram Nir?

A Don't get nervous and pick up your pen.

Q May the record reflect I'm putting my pen down?

A I didn't know him either until I saw his picture in the paper. I met him at the White House at the Executive Building under a different name.

Q He was under a different name?

A Yeah.

Q What was the occasion of your meeting him?

A He was in Ollie North's office and he introduced me, and he said this was Mr. Moriarity, and I said how do you do. And we talked about the Mideast situation in general and then he left.

Q Do you recall when that would have been, approximately?

A It had to be in this same time frame that we're talking about here.

Q And that would be March to June '86?

A March, April, yeah.

MS. NAUGHTON: What did Colonel North say he did?

THE WITNESS: After he left he told me the guy was an Israeli official. He didn't say exactly what he did, but he said he was an Israeli official.

BY MR. WOODCOCK: (Resuming)

Q Now with monies being dispensed to Sources 1 and 3 and with [redacted] heading off to see the Saudi Prince, al-Masoudi --

A He never went.

Q Okay. Let me break this down, then. Is anything happening specifically with Source 3 during this period?

A Yeah.

Q What's afoot?

A [redacted]

[redacted] And so they were working on a bribe [redacted]

Q And would it be a combination of bribes and ransom? Was it the $1 million a person kind of a deal again coming up?

A Yeah, it was that in the sense that it would have been a delivery on a boat, if we could have got them out -- if they [redacted] could have got them out. [redacted]

MR. MORROW: Could we go off the record for a minute, please?

(Counsel conferring with the witness.)

MR. WOODCOCK: Why don't we go back on the record?

BY MR. WOODCOCK: (Resuming)

Q [redacted] you've just had a brief conference with counsel, and I gather from that conference you want to take an opportunity to explain how this bribe process worked; is that correct?

A Yes.

Q How did it work?

A The bribes -- the money that would be used for ultimate payment would have gone to those people who would have assisted in getting the hostages out, and they were not -- the money wasn't going to go to that whole [redacted] group. So if it went to the whole [redacted] group and everybody was in concurrence there, that would have been a ransom.

But what we did is try to bribe certain elements of the group [redacted]

Q Now when you say this, is this just the Source 3 plan that we're talking about?

A Source 1, too.

Q So let's move back in time to the May-June '85 period. When the discussion there was turning on approximately $1 million a hostage, did you interpret that as bribe money?

A Sure it was bribe money.

Q That was not a ransom?

A No. It would have always been bribe money.

Q So in your mind there's no point at which you are offering ransom money for any of these operations?

A Never did.

Q Now with that understanding, when you are putting together this operation involving Source 3 in

UNCLASSIFIED

March of '86 is there any figure that's been put on each hostage who gets out, as there was in May-June '85, like $1 million per hostage?

A Um-hum. It would have been the same -- $1 million.

(A brief recess was taken.)

MR. WOODCOCK: Back on the record.

BY MS. NAUGHTON: (Resuming)

Q You were telling us about Source 3, who had met with [redacted] who was involved [redacted] [redacted] somehow.

A Through [redacted] Another contact of his had the contact with [redacted] was the way I understood it.

[redacted]

Q And how was the payment of money to free the hostages?

A This was a small part of all the people [redacted] and this guy wasn't [redacted] You know, [redacted] were in control of these hostages. They gave the orders [redacted] not the terrorists. There's no doubt about that.

UNCLASSIFIED

Q So [redacted] gave the orders to [redacted] is what you're saying.

A Sure.

Q And [redacted] were going to be paid money to do what?

A To make [redacted] or bring them out and give them to our [redacted] contact.

Q To make [redacted]

A Um-hum. And then, because they were only a part of this, they would be paid for us corrupting them, basically.

Q But what you're telling us is that [redacted] had control over the freedom of the hostages.

A Sure they did, and they still do, and that is where the tie is [redacted] a very strong organization that has nothing to do with the country.

[redacted]

BY MR. GENZMAN:

Q Let me get it straight in my own mind regarding where the money would go. Would the money be paid to [redacted]?

A No, no. The money would be paid to [redacted]

Q To [redacted]

A We had to bribe them.

MR. MORROW: The whole $1 million?

THE WITNESS: Yeah. I mean, there's a lot of people in-between there that got their cut.

BY MR. GENZMAN: (Resuming)

Q Just run through the flow of the money briefly with me, would you? The money goes to 3 --

A No, it wouldn't go to 3.

Q Where would it go?

A There would be a contact. Again, I mean, we never were going to front this money. If we got the hostages out, these people who were involved [redacted] would set up a place where the money would be delivered to them. We wouldn't deliver it to them. It would be done either by Oliver North, Jay Coburn, or whoever else wanted to do it.

Q But it would go to [redacted]

A It would go to the people who were in control [redacted] It's the people who are in control [redacted]

[redacted]

MS. NAUGHTON: Who are [redacted]

THE WITNESS: Well, it's [redacted] overall, and, you know, there's other levels. It's not just [redacted] are in control over all [redacted] these guys here are overall in control of these missions -- kidnapping and terrorism and everything else.

But the idea was in this case here, using this [redacted] contact, was a contact he had was used to get to [redacted] who had control [redacted] I don't know who [redacted] was. Maybe [redacted] knows it. Basically that was [redacted] operation.

MR. GENZMAN: Can we go off the record for a minute?

(A discussion was held off the record.)

BY MR. GENZMAN: (Resuming)

Q As I was saying, I'm confused about distinguishing between ransom and bribes, and personally my thought is if the money goes to the people who actually control the organization, who make the decisions, such as whether to kidnap people --

A The money wasn't going to them.

Q -- it would be in the nature of a ransom and it would possibly lead to further hostage-taking.

If the money were going to people who didn't really control the organization but merely had control at a particular point in time [redacted] then it's more in the nature of a bribe?

A You've got it right.

Q So, just to satisfy myself, could you tell me -- give me the categories of people that the money would go to? Was the money to go to people who were actually in control of the organization?

A No. It was going to be people just below that or on the side of them that could be corrupted, where the head of the organization wouldn't know about it. So it isn't a ransom. A ransom has to be solicited. There was no solicitation here. We poised the question. We sent the operatives in to put this idea in their minds.

This is not a ransom situation at all.

MR. FLYNN: So the mullahs never got any money?

THE WITNESS: No, they never got any money. Matter of fact, the mullahs --

MR. GENZMAN: Let him continue his answer.

MS. NAUGHTON: I think what Hank meant to say is in the plan the mullahs were not to get the money. We know no one got any money.

THE WITNESS: No, the mullahs were not getting the money. People below them were going to get it.

BY MR. WOODCOCK: (Resuming)

Q Presumably at some point the mullahs wake up one day and find the hostages gone under this plan; is that correct?

A Um-hum.

Q And under your description of it the mullahs would then feel that they had been burned, that they had lost out; is that correct?

A I wouldn't say burned, but I would say that they would have taken it out on somebody [redacted]

Q How do you know that some of this money would not have found its way to the mullahs to placate them?

A Well, I don't know. That's a good point. I don't know.

MR. FLYNN: That is one of the critical things here. Not only would [redacted] have to get away, [redacted] and everybody else, which is one of the things that they were considering with this plan.

THE WITNESS: Well, the intermediary. We would have to take care of him, yes. True.

BY MR. WOODCOCK: (Resuming)

Q So all the people who are receiving money are being pulled out; is that correct?

A No. Our source's contacts would be pulled out, which in that situation [redacted]

MS. NAUGHTON: Earlier -- and I wrote this down and you can correct me if I'm wrong -- you told us that bribes would go to those people who would get the hostages out. The bribes would go to [redacted] and others who were in control [redacted] That's what I wrote down.

THE WITNESS: That's right. That's true. There's [redacted] and then there's [redacted] [redacted] he is just under an ayatollah. We won't be able to bribe him, but there's [redacted] around there that were on their own.

MS. NAUGHTON: And what you're saying, then, is that those [redacted] were not the ones responsible for kidnapping the hostages but did have some sort of connection?

THE WITNESS: Well, everybody -[redacted] [redacted] were responsible for kidnapping the hostages, period [redacted] [redacted] everybody. They did it -- with malice aforethought.

MS. NAUGHTON: All right. Fine.

BY MR. WOODCOCK: (Resuming)

Q And I gather that these [redacted] [redacted] were not part of the extraction plan. They were going to remain behind?

A Oh, sure. Let me make it clear that the thing that we were trying to do, and we got to a certain distance on it, was to pick out some vulnerable group, small group of persons who were ready to be corrupted [redacted] So our objective was to reach somebody that was corruptible in the bureaucracy [redacted]

Q Now at this point I gather your information is that Buckley is dead; is that correct? We're talking March.

A I still hear that both ways.

Q To this day?

A Yeah.

Q By the way, did you come across information at one point that Buckley's body had been frozen?

A Yeah. We heard it was frozen. As a matter of fact, I think that picture of him that was in the newspaper, I think Ollie told me that some doctors said that he could have been frozen in the picture. [redacted] You know, they always wanted the people released out of Kuwait, and he apparently died. The word is that he died because of a ton of torturing and it wouldn't have been good that it came out that he was dead [redacted]

Q Was any of this money supposed to get Buckley out or Buckley's body out?

A We also worked on that, too. You know, we continued that part, to get his body or his bones.

Q But that was on a separate track, is that right, from the live hostages?

A Yeah.

Q Now of the live hostages, and excepting

Kilburn, who was held by a separate group, you had, what, four left at this point -- three?

A Five left. Two came out. There were six.

Q Four left?

A That's right. Later they took another three-- four left.

Q And it was $1 million apiece, so that's $4 million that would be distributed to get those hostages out?

A Um-hum.

Q This is as of March-April '86; correct?

A Right.

Q And it's that $4 million that's going to be spread around?

A Sure.

Q And some of the people are going to be extracted under your plan -- that is, the people who have cooperated -- and some who have been corrupted will remain behind?

A I'm sure. They had to worry about themselves.

Q They would have to presumably retain whatever positions they had if they were successful in covering their cooperation; is that correct?

A (Nods in the affirmative.)

Q Was it discussed with North or anybody else at all that with respect to those people who remained behind that this kind of a process might create an incentive in them to go out and kidnap more people?

A Yeah, of course we did.

Q What was the consensus on that?

A We'd just have to take our shot.

BY MR. GENZMAN: (Resuming)

Q Can I follow up on that line? Earlier we were talking about whether any of the captors had solicited funds for the release or whether it was an idea that we had brought to selected individuals, and I heard you say a moment ago that it was your understanding that what was really wanted by the captors was the release of the Kuwaiti prisoners, the Da'wa.

How did you obtain this information?

A Through my sources, through Oliver North.

Q And then your source is telling you that the organization which had kidnapped these individuals had not done it for monetary purposes?

A No. They did it for the edge. They did it for the prisoners in Kuwait.

Q And I'm excluding Mr. Kilburn, who was kidnapped, evidently, by another group.

[redacted]

[redacted]

Q But your sources here are saying they never heard any ransom figures floated around by the captors?

A Never.

Q For these people other than Mr. Kilburn?

A That would have been easy. If we could have got information that, for instance, [redacted] wanted $5 million and they would release him, we would have grabbed him and brought him to Europe and taken care of him well, provided everybody else wanted to go for that. But it wasn't so.

Q Did your sources obtain any information as to what was desired in return for the hostages specifically -- whether they wanted the United States to put pressure on the Kuwaiti government or anything along those lines?

A Well, first of all, now you're getting into terrorist activity and terrorist mentality, and the terrorist mentality wanted -- we will kill your people and we will kidnap more people unless you release our prisoners in Kuwait. That is the threat.

We tried to go around and find the vulnerable ones and bribe them. Unfortunately, we never accomplished it.

UNCLASSIFIED

~~TOP SECRET~~

BY MR. WOODCOCK: (Resuming)

[redacted]

Q Now, just to close this subject, I hope, on the subject of the risks that might be run in encouraging future kidnapping if these high level officials remained in positions after having received some of their money, you said that was discussed. Who was it discussed with?

A With Oliver.

Q Is that you and [redacted]

A Probably, yeah -- all three of us.

UNCLASSIFIED

~~TOP SECRET~~

Q Anyone else that you would know of?

A No.

Q And the consensus, I gather, among you three was --

A You know, there's another side to that -- that they could have not gotten more for more money, but we also had the edge on them that we could have divulged that they were corrupted and took bribes. You know, this is not a game that goes according to Hoyle. You've got to play it both ways.

Q And that's assuming that you are then able to tie subsequent kidnappings to the very people that you bribed, right?

A Um-hum.

Q If you weren't able to do that, that wouldn't work very well; is that right?

A Well, with the people we would bribe anyway we would threaten them and tell them we'll just put it in the newspaper and see how long you live. This is a tough game, you know.

Q I understand. Was that also discussed, that you had this residual leverage?

A I'm sure we brought that up.

Q Okay. I've got an entry here that I want to bring to your attention. April 24, 1986, a North entry that says $7K for [redacted]

A What date?

Q April 24.

A I don't know. You'll have to ask [redacted]

(Pause.)

Yeah, he made a trip and that's what it's for, but let him explain it.

Q Were you aware of [redacted] traveling during that period of time?

A [redacted] left April 30.

Q Do you know where he was headed?

A [redacted] He left April 30 and he came back June 6. So I assume that $6,000 was given to him for the trip and ultimately while he was there he got more money.

Q Now, the period of time that trip encompasses also covers a rescue effort that brought Tom Clines to [redacted]

A That's correct.

Q First let me ask you this. I gather that this event that brought Tom Clines to [redacted] was something that had been gathering steam for a while; is that correct?

A Sure.

Q Now, was this the Source 3 plan?

A That's correct.

Q Were you aware that as this plan was coming to maturity that North was preparing to go off to be in Tehran, Iran?

A No.

Q That was something not known to you?

A Not at all. Never what he was doing on that side. I never knew it.

Q Now, was he kept up to date on the maturing of your plan to work with Source 3 to bring people out?

A Sure. I talked to him on the phone often.

Q Was he aware of the timing of it?

A Yeah. You know, it wound down to May-June.

Q Did you ever reach a point where you were able to get hold of him and say today's the day?

A We got hold of him and told him that if it was going to go this is the time frame. And he said, fine, let's try it.

Q Do you remember when that would have been?

A Yeah. I left [redacted] May 28 and I only went because that was the time frame.

Q Do you recall --

A I went there the 28th and I left the 6th. The thing was aborted.

Q Do you recall having any trouble getting hold of North during this time period?

A No. I talked to him on the phone before I left.

Q Where was he; do you know?

A No, I don't.

Q Now did you deal with Copp again at all during this period? Do you remember him coming back into the picture?

A No.

Q How about Albert Hakim?

A Not as far as I was concerned.

Q Now where were you throughout this period?

A In the States.

Q Did you ever go [redacted] yourself?

A Yes, I did, on the 28th.

Q And you were there for that eight-day period until the 6th; is that right?

A Yeah.

Q What was happening [redacted] during that period?

A We were waiting for them to bring two hostages out.

Q Now I gather you must have met Tom Clines during that period?

A He was there, sure.

Q How did Clines get into the picture, to your understanding?

A Well, it got into the picture that [redacted] were going to bring him out on an old fishing boat.

Q Was it him or them? Was it several hostages or one hostage?

A One or two. And that we would need another boat in the area to pick them up. I told this to Ollie and Ollie told me that he could have a freighter -- a freighter was in the area and he could have that available.

(A brief recess was taken.)

MR. WOODCOCK: Let's go back on the record.

BY MR. WOODCOCK: (Resuming)

Q This operation in late May of '86, you didn't arrive [redacted] until May 28. Was the operation already ongoing by then?

A Oh, sure. It was [redacted] operation primarily, and I just came in to bolster it.

Q When you arrived was Tom Clines already there?

A I think he arrived the day before I arrived.

Q Did [redacted] introduce you to him?

A Yeah. I think they came to meet me at the airport.

Q Did you have any understanding as to who he was?

A I knew he was an ex-CIA agent.

Q Anything else about him?

A I knew -- well, I didn't know it. He told me that he did contract stuff for the CIA.

Q Did [redacted] explain to you how it was that he came to place trust in Clines?

A I don't get the question. Clines was there. The freighter was there. When the deal didn't go, the freighter took off and Clines took off.

Q But presumably if somebody shows up in the course of an operation like this you don't automatically place trust in him unless he has the proper recommendation; isn't that correct?

A Yeah.

Q Did you have any understanding as to who would have recommended Clines?

A I knew it was Ollie North. Ollie told me on the phone, as a matter of fact. He told me. That's how I knew he was ex-CIA. He told me that, that "the freighter was in the area and Tom Clines, who was an ex-Agency guy, would be there to help you".

Q Okay. I've got a note here from Ollie saying -- it says April 24, but it's actually in his May context. It says: [redacted] sending one ops person plus sending [redacted] Leave Sunday. Would arrive [redacted] Monday p.m. [redacted] needs A/C", which we always read as aircraft.

Anything like that or does anything from that bring back any recollection?

A Yeah, exactly. Well, I told him if it worked they were going to come out on a fishing boat, and that's when he said he had this freighter in the area. It must have been in the area because it came in there a couple days after I arrived.

Q And Albert Hakim has testified that he gave $30,000 to [redacted] during this period of time to assist in this operation. Was that anything that came to your attention?

A No. Yes, he did give it to him, but I'm the one who told Oliver North that [redacted] has been there for three-four weeks now and he doesn't have a cent to his name. His American Express is bankrupt, and they better get him some money or else he's got to come home.

So he called me back, if I recall, and he says here's this number. Ask for Al. I called [redacted] and gave him the number and said ask for Al. And then he took care of it from there.

Q Okay. And this operation ultimately didn't succeed?

A It did not succeed.

Q Now the last time you came fairly close on an operation was, I gather, in May-June '85, and that was aborted partly by the TWA hijacking; is that correct?

A [redacted] We lost the major contact.

Q What happened that brought this one to --

A I don't know, just that it didn't go, because they just couldn't pull it off. The people who were supposed to release the hostages couldn't pull it off. I mean, there was too many guards around and there was more pressure going on, and they just couldn't snatch them out of there.

Q Do you recall Raphael Quintero having anything to do with this operation [redacted] Did that name come across your screen at all?

A No.

MR. MORROW: You mean the TV screen?

BY MR. WOODCOCK: (Resuming)

Q His personal screen. This is an expression they use at the CIA all the time. People have mental scopes out there and things come across them.

A I had no contacts with him.

Q Does that name mean anything to you?

A Didn't he testify?

Q Was that how you knew of him?

A Yeah. Is he also known as -- no, that wasn't Max Gomez, was it. That's right. There's two of them. I know which one.

Q This Raphael Quintero also went by Chi-Chi and by the name Ralph.

A I never met him.

Q Did you hear of him?

A Not before. Not before the hearings.

Q There's an entry in North's notebooks, June 23, 1986. It says: Call Jack Lawn re [redacted] and [redacted] Does that mean anything to you --

A No.

Q Now that is repeated on June 24, 1986 under the to-do list: Jack Lawn, [redacted] and [redacted] to help with [redacted]

A I don't know who it is.

Q Does that name mean something to you?

A I know he occasionally called Lawn. He'd just call him to say we're working at this stuff.

Q Let me back you up on the subject of Lawn. Is Lawn being kept up to date on this hostage release effort that goes on [illegible] to May of '86?

A I would have told him that we are traveling, and I probably would have told him we were working on hostages.

Q And would that plan have ever been reduced to writing?

A No.

Q Would your report to Lawn have ever come in writing?

A It never would have. I never wrote any of this stuff on hostages.

Q Did you regularly report to Lawn; is that right?

A Routinely. I reported only when we traveled.

Q How about [redacted] Would he have been aware of this late May '86 effort?

A Yeah. I told [redacted] bits and pieces.

Q And how about John McKernan? Would you have told him about it at all?

A No. I told John McKernan only that -- when I couldn't find Lawn and we were traveling, I left a message with him.

Q There's a reference now --

MS. NAUGHTON: Excuse me. One question. Did you ever discuss with Colonel North whether or not you should take notes or make reports? Did he ever give you instructions either way?

THE WITNESS: I think it was understood -- I don't know if it was tacitly, or if we did talk about it -- that it would be futile for me to make notes or write reports because when they got it they classified it out of my own range, and I wouldn't want to be caught overseas with this kind of information. So we kind of moved it very fast.

[redacted] would call me or we would call North directly or I would call North and we'd dump it and that was it. And if we had a note on it, a funny name or something, we'd flush it. It was just too hard.

MS. NAUGHTON: Did North ever discuss with you what he would do with his notes? In other words, were you of the understanding that after he heard the information he would destroy the note?

THE WITNESS: I don't know what he did. I didn't even know he had all these damn notes here.

MS. NAUGHTON: I realize you don't know what he did, but did he ever discuss with you his intention about putting any of this on paper?

THE WITNESS: Never. The only thing I knew, we would discuss that he would pass it to the CIA. I knew that. He had said that before, and he would say, you know, you corroborated some things that they had going and gave them some ideas on some things they were missing. He said that.

MS. NAUGHTON: But he did not specifically say to you he would destroy any documents that he had generated in the course of your discussions?

THE WITNESS: He never said anything, period, about that.

BY MR. WOODCOCK: (Resuming)

Q Let me bring you forward in North's notebook to June 27. He's got a reference here to a meeting with Copp and then a reference to funds for [redacted] Call Abe. Abe was his name for Albert Hakim.

A Yes, he owed me some money.

Q North did?

A For that last trip. He owed me $3,714.50.

Q And I gather that that's a reference there to your notes that you made for yourself; is that correct?

A Right there, yeah. And I didn't receive that money until -- matter of fact, [redacted] picked it up [redacted] and that was in, I think, September -- in August-September.

MR. MORROW: December?

THE WITNESS: No. September-October we got that money.

BY MR. WOODCOCK: (Resuming)

Q Of 1986?

A And [redacted] got his, too, at that time.

MS. NAUGHTON: How do you know he owed you exactly that amount?

THE WITNESS: Because I gave him an itemization which he didn't take, and he wrote down the figure on a piece of paper.

MS. NAUGHTON: He didn't take the itemization?

THE WITNESS: No. He never would.

BY MR. WOODCOCK: (Resuming)

Q Did he explain that to you?

A He said I believe you.

Q But let me back up. Had you reached the understanding at this point or any point that when you would submit an itemization like that and he would give you money that he was dealing with private money rather than government money?

A I still thought it was covert money.

Q So you assumed it was still government money?

A That's right.

Q And did you ask him how it was he was able to pay out covert money without any documents from you backing them up?

A No. Why would I?

Q I'm just wondering. You've been in an

administrative position with DEA for a while, and I gather from that you understand when you get money you have to justify it.

A CIA gave us $50,000 like that. What do you think we did with it?

Q Did you sign paperwork for that, too?

A I did not.

Q [redacted] did?

A He signed one receipt saying he has possession of $50,000.

BY MS. NAUGHTON: (Resuming)

Q Excuse me. Is it your testimony that you didn't witness any signatures by [redacted] on a CIA document?

A I don't think I was there. I don't think I was with him. I think Azzam was.

Q So it's your testimony that you did not sign as a witness on any CIA documents for receipt of money?

A I didn't. I don't recall doing that. I don't think I did.

Q Just to follow up on Tim's question, then, regarding North not having you sign any receipts and so forth, was it your understanding where these funds were coming from -- some sort of White House fund?

A No. I thought it was from an NSC fund or a

CIA fund.

Q For covert operations?

A That's right.

Q So it's your understanding yours was a covert operation?

A That's the way I understood it.

BY MR. WOODCOCK: (Resuming)

Q I gather it was your additional understanding that covert operations didn't require any itemization: is that correct -- that if North couldn't produce your records of your travels that that wasn't a problem for him? Is that right?

A I want to talk about this. Just a minute. This is important to talk about.

(A brief recess was taken.)

BY MR. WOODCOCK: (Resuming)

Q [redacted] you had testified earlier that you had offered your receipts to North and he had turned them down; is that right?

A That's right.

Q And you also understood that when he paid you it was money that you termed covert money; is that correct?

A That's correct.

Q Now the question I think I had pending was,

UNCLASSIFIED

was it your understanding that North did not need your receipts to justify his acquisition of "covert money"?

A Well, he's the one that said I don't need that, you know, and I says well, here it is. And I said take it. He says, I don't need it. I said okay, you know. I thought I had one here as an example. I don't have one as an example.

Q An example of what?

A An expense sheet that I would fill out for him and he didn't want it. He didn't want it. What am I supposed to do -- just shove it down his throat?

Q Did you ask him whether he could not get in trouble for not being able to justify the monies that he was giving out to you?

A Come on. Why would I ask him that? Why would I ask a guy working in the White House if he's going to get in trouble? Do you know how the CIA works? The CIA, when I give them information, they give me a number. They don't say [redacted] They say Source Number do-do-do. They would never share the credit of information to anybody with another agency.

So I have a number there, and I'll bet you if you could trace it that that $50,000 they gave us, there's a number on it in some covert fund.

Q Well, the $50,000 coming from DEA is not

UNCLASSIFIED

really what I'm talking about.

A Not DEA.

Q From CIA.

A But I'm paralleling this with NSC, but it was the same thing in my mind. I knew there was a number there and I was a source of information. That's all.

Q So your assumption was that at some point there was documentation for the money coming out of NSC?

A Sure, that was his responsibility, not mine.

Q And going to you?

A That's right. It was his responsibility. I offered to give it to him. He didn't want it. And so, you know, that was that. It was no problem to me. I would have given him any documentation he wanted. I offered it to him.

Q Right. I understand that.

A And I thought I had brought a copy of a sheet of paper how I itemized it, and that was one I gave him and he refused it -- the last trip for $3,700. Well, I went in there and gave it to him. He says, I don't want it.

Q Had you ever done that to him before?

A Yes.

Q Offered him and he turned it down?

A Yes. The first time.

Q Did you always do that?

A I only took three trips with him.

Q For those three trips you always offered him and he always turned it down?

A Yes. I always said do you want an itemization on expense. He said no, I believe you. He'd always say that -- no, I believe you.

Q And to your mind that's all it was a question of -- whether he believed you or not -- that he had no additional requirements on him that caused him to have to verify what you were doing?

A No, because I reverted to my mentality of knowing how CIA operates, that you are just a number, just like I give a number to an informant. The CIA gave us a number.

Q I gather you are assuming that the money he is giving you is coming out of CIA; is that correct?

A I thought that, too, yes.

Q Okay. I've got a reference here in North's notebooks "call Jack Lawn, July 11, 1986, re [redacted] and hostages." Do you know what's happening there?

A I think it was just he asked us should I talk to Lawn about telling him you guys are doing all right still on this thing, and I'd like him to leave you for a little while longer. I said go ahead.

Q Do you know from Lawn or anyone else whether he actually made that call?

A I think I did either call Lawn on this last trip, you know, or when I got back met him and told him that we tried it and it didn't go. And I think he told me that Ollie called him.

Q That Ollie had called him?

A Yeah. I don't know what time frame -- before or after this trip -- this last trip.

Q Well, this note is dated July 11, '86. Was this generated by either you or [redacted]

A No, no.

Q Telling North he should call Lawn?

A No, no, no. The theory of the 90-day period was over a long time ago, right? So we just talked about the fact maybe a call should go in to Lawn regarding that we were still needed there. That's all.

Q And I gather from your testimony that your best recollection is that Lawn confirmed to you that he got some kind of call from North and it was okay for you to continue doing what you were doing?

A He did tell me that he called, and he said they still needed us.

[redacted]

UNCLASSIFIED

[redacted]

Q Now there's another reference, and this is August 4, 1986, to [redacted] and it just says: "Names provided last week." Does that mean anything to you?

A I think we went into Source 4 phase, and I

UNCLASSIFIED

think we briefed Oliver on Source 4, and that we had -- I think this is the time frame -- that's how I recall it. Maybe [redacted] has a different idea.

Q Before we get into Source 4, let me go back to the late May operation and just tidy up a couple of things. Did the late May operation also involve Perot money?

A Yeah. It didn't involve Perot money at all because no money was ever used. No money was ever seen. No money ever passed, so it didn't involve his money.

Q To the extent that money would have been used had the plan gone through, was that to be Perot money?

A Allegedly. But I had my own opinion of that.

MS. NAUGHTON: What's that?

THE WITNESS: I think that at any time when we talked about being successful in extracting a hostage, that I believe that would have ended up that CIA money would have been used, not Perot's money.

MS. NAUGHTON: That Perot would have been a front for the money; is that correct?

THE WITNESS: Yeah. He was just on standby. I mean, that was my own opinion, only because nobody in the CIA was going to let Perot take credit for extracting these hostage. That's just my idea -- mine and [redacted] anyway.

MS. NAUGHTON: Did Coburn give you any corroboration of that theory, anything to make you think that?

THE WITNESS: First of all, Coburn didn't have any money when he was [redacted] He was dropped there by a Lear jet that we cleared, because that jet couldn't clear. We cleared it with the police. He came off of there with one suit bag, which wouldn't hold a ten dollar bill, and stayed there five days and left. And that Lear jet came in there, picked him up and off he went.

So the money wasn't there. The Lear jet was in London and that was four hours away; that's all. So I figured if we got successful they would have brought it in.

MR. MORROW: Who paid Coburn's expenses while he was there?

THE WITNESS: We picked up his meals and most of his booze, but I assume he picked up his own expenses.

BY MR. WOODCOCK: (Resuming)

Q That's you and [redacted]

A Me and [redacted]

Q Now let's move to Source 4. Is Source 4 a source you developed through one of the other three sources?

A We developed Source 4 through [redacted]

UNCLASSIFIED

[redacted]

Q Now what was the plan with Source 4?

A A bunch of things [redacted] Anyway I mean a bunch of things, a bunch of things that I don't even know about.

Q Well, let's talk about the things you do know about and let's focus on hostages. Was that something you knew about?

A Sure.

Q Was there any kind of a plan that evolved through Source 4?

A He was going to do the same thing.

Q So this again was the kind of dollar figure per hostage, that sort of things, and bribes [redacted]

A However he could do it.

Q Was that part of the plan?

A It was also considered [redacted]

UNCLASSIFIED

[redacted]

BY MR. WOODCOCK: (Resuming)

Q There's a reference in North's notes -- I'm not going to pursue Source 4 in any detail, but there's a reference in North's notes on August 27, '86, to meeting with [redacted] "passed $10K". Is that a Source 4 dispersement?

A The $10K. I think that was when I got my $3,700 and [redacted] got his. His bill was $10,000. I think he gave him his bill or told him what he was owed.

Q Now there's another reference just a few days later, September 2, 1986: [redacted] And then there's another reference: "Wanted to know where Prince is." Any idea what's happening there?

A Ollie wanted to know where he was, right?

Q That's not clear.

A We knew he was in jail.

[redacted]

Q I'm going to run through the rest of these notes and at least bring us to the end of the notes. There's a reference to a meeting with you and North and [redacted] on September 25, 1986. Do you recall what the subject of that meeting was?

A No, unless it was Source 4.

[redacted]

[redacted]

Q Now it also has, and this is in sort of a subheading [redacted] and [redacted] continue hostage." Do you know whether North at this point was going back to Lavn to ask for your continued efforts on the hostages?

A No. We had Source 1, 2, 3 and now 4 were still at it. That's what he meant. Information was still coming in.

Q Do you know what the reference to Mike is?

A What does it say with Mike?

Q It just says Mike.

A The only Mike I know is [redacted] and Mike never met Oliver North.

Q How about Mike Ledeen?

A Mike Ledeen? I met Michael Ledeen.

Q Do you recall when you met Ledeen?

A Right around that time or later.

Q Do you recall why it was that you met him?

A Apparently Mike Ledeen had a contract with Eastern Air Lines and he wanted to talk to the SAC, the DEA SAC in New York and Miami regarding a training program for Eastern so they could stop getting their planes seized by Customs, so they would know how to prevent drugs being put on their planes.

I told him I would and I called and gave him the names of the SACs and that's the last I heard of Mike Ledeen.

Q So that was a one-time meeting?

A Yeah.

Q Where was that?

A At that building where the strategic something or other is. The title of the company is Strategic --

MR. FLYNN: The Institute for Strategic Studies at Georgetown?

THE WITNESS: Right.

BY MR. WOODCOCK: (Resuming)

Q CSIS.

A Yeah.

MS. NAUGHTON: How did you know to go there?

THE WITNESS: I think [redacted] got a message from Oliver North's office to call Mike Ledeen, and then we called Mike Ledeen.

BY MR. WOODCOCK: (Resuming)

Q There are notes of Fawn Hall that just say Ledeen [redacted] (Thursday).

A She probably called [redacted]

Q Do you recall North's office or Fawn Hall setting up this meeting?

A I don't think she set it up. I think I called Ledeen or [redacted] called, and then we met him. That's all.

Q Now, one more entry in the North notebook and then we can put this away. There is a reference here and it would be dated approximately 15 October 86. It refers to [redacted] The next reference is, if we need to put one away. That's coming from [redacted]

A I think it's the same thing. Maybe they thought they could do some exchanges. That's all.

Q Let me just ask you some round-up questions here. In the course of your dealings with your various sources and with North did you ever come across Mansar al-Kasar?

A No. Who is he? Can you refresh my memory?

Q He's a Syrian arms dealer, also a drug dealer.

A Is he a major? Is he an officer?

Q I don't know that he has a military commission.

A Then I don't know him. I know [redacted] passed a lot of information on his own. Maybe he passed this information about this guy. I don't know.

Q How about Ted Shackley? Did you ever meet or hear of Ted Shackley in your travels with North?

A No. Tell me some more about him.

Q Ted Shackley was one Associate Deputy Director of CIA and has had connections with Secord and Hakim.

A I didn't meet any of these people. You'd have to ask [redacted] that.

Q How about Dewey Clarridge?

A I talked to Dewey Clarridge on the phone.

[redacted]

MS. NAUGHTON: Had you spoken to or met him before?

THE WITNESS: I don't believe I ever spoke to him. I could have been in a room and he could have been there and I wouldn't have recognized him. But I don't think I spoke to him before.

[redacted]

UNCLASSIFIED

TOP SECRET

[redacted]

TOP SECRET

UNCLASSIFIED

[redacted]

BY MS. NAUGHTON: (Resuming)

Q In response to Tim's question earlier about [redacted] -- and that's [redacted]

A That's doesn't ring a bell at all.

[redacted]

Q Did you ever do anything or impart to North any information regarding anything involving Central America?

A Not that I recall. He never asked me.

Q Did he ever ask you for any intelligence or any other information regarding specifically Nicaragua?

A No, he didn't.

Q Did he tell you anything about a drug operation run out of Miami in which certain officials in the Sandinista government were running drugs?

A I don't think he told me that. I think I heard about, you know, some Nicaraguans were involved in some operation. You know, I learned of it in general, that's all.

Q But did you ever discuss this with North?

A I don't recall discussing it with him, no.

Q Did you discuss it with anyone at DEA that knew of North's participation in the investigation?

A Not that I know. North had asked me, if he would have asked me in that time frame can you let me know if there's any Nicaraguans involved in narcotics, I would have checked it for him, because I didn't see anything wrong with that. And obviously, since I didn't check, he never asked me.

[redacted]

Q Your trip [redacted] in October --

A Yeah.

Q Did any of that have anything to do with Oliver North?

A No, not at all. It was strictly DEA business.

[redacted]

Q Now in September of '85 I believe --

MR. WOODCOCK: Let me interrupt for a second and go off the record.

(A discussion was held off the record.)

BY MS. NAUGHTON: (Resuming)

Q In September of '85 there were two traveler's checks of $500 denominations from Oliver North, I believe, with your name on them.

A Okay.

Q At the Los Angeles Home Savings and Loan.

A Yeah.

Q Could you tell us something about that?

A I cashed them.

MR. MORROW: No, I cashed them.

BY MS. NAUGHTON: (Resuming)

Q At the risk of making you a witness, why don't you tell me what happened?

A Well, it was money that was adjusted, and I cashed the checks -- adjusted monies.

Q When you say "adjusted", what do you mean?

A It was money that I already had spent out of my pocket.

Q For the hostage location effort?

A When I was overseas, yes.

Q And you came back and asked North for the money?

A No. It was adjusted. In other words, I used my own money. There were some places wouldn't take those damn checks, so I used my own money, and then I adjusted it and used the checks to reimburse myself.

Q At some point you got the checks from North?

A That's correct. I got the checks. Well, I didn't get them from North. I think [redacted] did.

Q And you cashed these checks [redacted]

A Yeah. I was there on DEA business.

Q And did those checks then go for your own expenses, the proceeds, do you recall?

A That's correct -- reimbursed to me.

Q Did you ever meet Adolfo Calero?

A No.

Q Now, after the Iran arms sales were made public sometime around November 4, 1986, and you learned what had happened, did you discuss this with Colonel North?

A No. I couldn't get to him. I think we told you in that first meeting we met him just before Christmas in his lawyer's office.

Q Did you try to call him any time between November 6 and, let's say, December 1?

A No. I think we talked to Fawn and she was the one who told us that you had to get hold of him through his attorney.

Q Now, the record has indicated he obtained an attorney sometime after or at least obtained Mr. Sullivan as an attorney sometime after the 25th of November.

A That's when we met him, after the 25th of November.

Q But between the third of November and the 25th of November did you attempt to or did you contact Colonel North?

A We may have. I don't recall contacting him. I think we attempted to. I think [redacted] talked to Fawn. I talked to her, too, I believe. And then eventually we met him at his attorney's office at the end of November or early December.

Q In that period of time, then, November 3, let's say, to December 1, did you speak to Colonel Earl or Coy?

A No.

Q Anyone in North's office?

A No.

Q Aside from Fawn?

A No, not in that time frame, at least I didn't.

Q By the way, was Colonel Earl aware of your efforts?

A I met him once before the last operation culminated, before I went to Europe. I met him, because Oliver wasn't around.

Q Okay. Did Colonel Earl ever relay any

UNCLASSIFIED

messages from Colonel North to you?

A I think he relayed my messages to Colonel North that there was a possibility to extract some hostages.

Q Now I wasn't quite clear on one thing. Back in December of '85, according to North's notes, he may be expecting the release of some hostages. Were you aware of that or was that a separate operation?

A If it wasn't mine, it must have been his. And I don't think we had anything going. We didn't have anything set up for December.

Q Now, regarding the use of the private funds, the Perot money, were you aware or were you told of any specific directions by FBI Director Webster regarding the use of private money?

A No way.

Q Did his name ever come up when discussing this?

A No.

Q Is there anyone else who knew about your activities that we haven't discussed today or hasn't been mentioned?

MR. MORROW: To your knowledge.

THE WITNESS: You know more than I did. No.

BY MS. NAUGHTON: (Resuming)

TOP SECRET

UNCLASSIFIED

Q I'm just making sure we've covered all the questions.

A I don't recall anybody else.

Q Did you know Dewey Clarridge when you were [redacted]

A Somebody else told me that he was [redacted] but I think he left before I got there. [redacted] Or he got there after I left, and that was just chit-chat. I don't know where I got that.

Q Now were you aware of any of Colonel North's efforts to locate or extricate the hostages[redacted]

[redacted]

A No. [redacted]

Q Did North ever discuss with you [redacted] the possibility of any of the freedom fighters in Nicaragua running narcotics?

A That's bunk. They're not running narcotics, no different than any other group in the world is running narcotics. I know that. Recently the country attache from Costa Rica and I asked him. He says yeah, sure there are narcotic cases in that group of people, like there's narcotics cases on any group of people. That isn't part of the movement. It's just there are some errant crooks also in the movement; that's all.

Q Did the attache happen to mention John Hull?

A John Hull?

Q H-u-l-l.

A That name is familiar to me.

[redacted]

A He was on that law suit, one of the defendants on the law suit, right, against Clines and a bunch of other people.

Q The suit brought by Honey and Avergon?

A I don't know what it is. I think he was one of the defendants on the suit by these people.

Q How did you become aware of the law suit?

A I think Oliver must have told me about it, or Clines. I don't know.

Q Do you recall how that came up?

A No. It was just a thing. They asked us if we knew whoever these people are. I don't even remember their names -- the names you just mentioned to me. And they didn't ring a bell.

Q Did he ask you to do any sort of investigation regarding Martin Honey or Tony Avergon, the plaintiffs?

A No. We told them that we would give them the names of some competent private investigators that would love to do this for them and let them represent them.

Q Did you say you did tell him --

A I told him that, yes, [redacted] and I -- and that that kind of work should be done by a private investigator. We were thinking of touting some friends of ours.

Q Did you indeed give them some names?

A They never asked. They never asked.

MR. BERMINGHAM: When you say "they", who do you mean?

THE WITNESS: I mean he, Tom Clines and/or Oliver North never asked, you know, to provide the name of a private investigator.

MR. BERMINGHAM: Did that questioning come up because they were asking you to do something or were they asking for advice?

THE WITNESS: No, no, no. They didn't ask us to do anything. The question came up are we aware of this law suit, and did we know this name. I don't even remember, because I did nothing with it. I told them --

I recommended to him and then to Clines on another occasion that we'll give them the name of a good private investigator to help them if they need help.

MR. BERMINGHAM: Did you meet Clines outside of [redacted]

THE WITNESS: Yeah, I did. After this trip I met Clines for lunch one time in Virginia at Tyson's Corner.

MR. BERMINGHAM: For any particular purpose -- to discuss this case?

THE WITNESS: No, it wasn't that. He said I'll meet you for lunch, called up one time and met us for lunch. He didn't ask for anything. He mentioned this law suit. He didn't ask. I was waiting for, you know, the "can you help us". It was nothing strange if they can I help you. But we told him if you think it's serious we can give you some good private eyes that can help you do some investigating on it.

But that wasn't it. It was kind of, you know, have a few drinks, have lunch, and see you later.

MR. BERMINGHAM: That private law suit also alleges drug trafficking by Hull and other people.

THE WITNESS: I heard that later, though. We didn't get into that until all of this started boiling over. But we didn't do any investigation. I think it's bunk anyway. Okay? I didn't even investigate it. I just think it's bunk.

BY MS. NAUGHTON: (Resuming)

Q Did North ever mention the name to you of Glenn Robinette?

A Oh, yeah, I met him.

Q When did you meet him?

A I met him -- I think I met him with Clines at that same luncheon.

Q Were they together when you came to the restaurant?

A [redacted] and I were together, and I think they came in right after we did. We had some drinks and we had lunch.

Q Who did you understand Glenn Robinette to be?

A Ex-CIA person.

Q And what did you understand him to be doing now?

A He had a consulting firm of sorts, consulting or private eye, you know. I wasn't sure.

Q And what was he doing?

A Well, I thought he was -- this is an old agent's mind right here, and I know for a fact that the CIA hires only their own for contract, and I knew that he was just like Clines, still working for them. That's all. I don't delve in these things.

Q What did he talk about?

A We talked in general about, you know, where was I and did you know this [redacted] and did you know this CIA officer when he was around and when I was around. And we knew a few people together, believe it or not, strangely enough. That was the most of it.

Q Did either Robinette or Clines discuss North?

A You know, not directly. If anything, you know, because Clines was on that last operation, you know, we discussed it very briefly -- that it's a shame it didn't go. It was going to break down on it -- things like that. I need more time, less pressure, et cetera.

Q So Robinette did not mention any work he had done for North or for Secord?

A No, he never did.

Q Now in your discussions with North during this period of time in '85 and '86 did he indicate to you that he was reporting upward regarding the progress that you had made or the plans that you had made?

A He told me that his boss was Poindexter, and that he met Casey many times.

Q Did you have any evidence of that? In other words, were you present when Mr. Casey called North at any time or present for any of their meetings?

A I recall one time I was sure that he was talking to Casey, but, you know, it's just one of those third party things that I never particularly like to talk about.

Q What made you sure he was talking to Casey?

A I don't know. He got off the phone and he says something about that Casey is doing something, something very quick, and then we went in to why I was there.

Q What did he say about what he was doing regarding reporting to Poindexter?

A He said that was his boss.

Q Did he indicate to you that he was reporting to him regularly?

A No. He wouldn't talk like that with me. We wouldn't talk about reporting to bosses.

Q Did he ever indicate to you that there was a downward flow of orders, in other words that he had been ordered by any of his superiors to do anything?

A We never talked about those matters. We talked about hostages and intelligence, and he used to show me some intelligence that he got [redacted] and we would assess it. And then he would corroborate information that we gave him, and he'd show me something and say see, you were right -- that kind of thing.

Q Did he ever refer to any instructions or discussions with the President regarding the operation of the hostages?

A Not with me.

Q When you saw North after November 25 of '86 -- first of all --

A Let me clarify one thing. I knew he was working on the freedom fighter thing, because if you ever go in his office all you saw was all these damn posters, and he always said this is very important, and I got to get them boats, I got to get them guns -- things like that.

He was very involved in that.

Q Did he say why he had to get them these things? In other words, had anybody instructed him to do this?

A Well, you know, he'd say we got to stop these communists from getting into Central America. You know, this was quick. Once in a while he'd just say this and we'd get into our business.

Q When the Attorney General on November 25 announced that some of the funds used to buy arms -- or used from the sale of arms to Iran were used for the contras, I take it that came as a surprise to you?

A Sure.

Q Looking back on it, did you have any indication that that was happening from your conversations with North?

A No. I thought he was very open with me. I was surprised that he didn't tell me that, actually. I would have given him a better idea.

Q When you did see him after the news broke, did you discuss with him the arms sale?

A No.

MR. MORROW: You mean the AG?

BY MS. NAUGHTON: (Resuming)

Q No, North.

A His two attorneys were there -- I guess Sullivan and an understudy -- and they started off the meeting and were not talking any business. Here I thought I was in a reformatory. They say you can talk to your younger brother, you know, just for two minutes. So he says, you know -- so we just talked how are you doing. How are you? How are you doing? Et cetera, et cetera.

I told him if we can help you, we'll be here, and he says tell the truth. That's how you'll help me. He emphasized that a couple times.

Q Was there ever any offer or indication during '85 and '86 that, at the time that you were negotiating with your sources and so forth, that perhaps the sale of weapons to Iran might free the hostages?

A Never. As I said before, if he would have told me that, I would have given him a better idea.

Q That's my question. Was that ever approached? Was that ever discussed?

A No, it was never discussed.

Q Okay. So none of your sources ever approached you with that idea?

A To give arms to Iran? None of my sources, never. My sources wanted to kill the people in Iran. They didn't want to give them arms.

Q I'm talking about freeing the hostages.

A No, they would never do that.

Q Was it your impression that the Iranians would have control over those who were holding the hostages?

A There was no doubt about that -- no doubt about it, that they had the control through the head mullahs, and through Syria's reluctance to go in there and take them.

MR. GENZMAN: Let me follow up on that. Did you ever feel that the Iranians could ensure the release of all of the hostages?

THE WITNESS: Sure they could have.

MR. GENZMAN: Did you feel that way regardless of whether anything was done for the Da'wa prisoners?

THE WITNESS: They could have done it like that just because they are ruling the day. And they have those Shiites, and those Shiites belong to Iran, not to Lebanon. Those in the Party of God, all those mullahs, there's no doubt in my mind. I've studied this stuff long before I even got involved with the Oliver North caper.

[redacted] There's no doubt in my mind that the Iranians could have released them.

BY MS. NAUGHTON: (Resuming)

Q Now when Benjamin Weir was released in the fall of 1985 what was your understanding of how it is he came to be released?

A Well, I think my understanding -- I don't know. I believe Oliver North had something directly to do with it. It was some kind of a private effort with the government involved. That's what I felt. You know, he told me nothing about it.

Q Well, this has always sort of struck me as kind of curious because here you guys are working very hard to try to get these hostages out. All of a sudden one pops out, apparently without any warning on your part that this was going to happen.

A I know. We stood down for him to pop out.

Q Right. Not only did he pop out in spite of you, it was while you were being told to stand down.

A That's right.

Q So did you then discuss that with North and ask him how it was that Weir got out?

A Just very briefly. He said he had something to do with it and that it involved some other players, and, you know, he wouldn't go into it, and that's it. You know, it was my impression, I don't know, that Casey had a lot to do with it. That's all. Because he told me that Casey took a trip one time during that time frame, I believe, and then all of a sudden this guy popped out, and I figured that Casey had something to do with it.

Q Where was Casey's trip?

A He went [redacted] I think. You know, I hate to talk about this gossip stuff, you know. This is gossip.

Q Well, did you ask North that since whatever procedure that got Weir out was successful that perhaps you might employ that for the other hostages?

A Well, you have to understand Oliver North was also a military guy, and he had secrets he kept from me, and I had secrets I kept from him. So when he didn't want to expand upon it any more, I just dropped it. So I assumed that it was a secret operation and he didn't want to talk about it any more.

You know, what can you do? Should I have threatened him? I couldn't. You know, that was it. It was over.

Q Did you receive any intelligence either from your sources or from within your agency or from any other source that indeed weapons were being sent by the United States to Iran?

A Never. The only thing my sources said was -- well, it depends which one. [redacted] believed that it was the Israelis who provided Iran with weapons and that had nothing to do with the hostage thing. They just did it on purpose. It had nothing to do with the hostage thing. He just said that.

Q Is there anything in the deposition that we haven't asked in the right way or haven't asked at all that you believe the Committee should know?

A I don't have anything else to say. I think that the Committee should get together and figure out a way to get these hostages out and spend as much money as they did on this hearing in getting those hostages out and make some resolutions themselves. This is what I believe.

BY MR. GENZMAN: (Resuming)

Q I have a few questions for you, sir. First, I want to clarify Mr. Azzam's involvement in your hostage work. I heard you say early on that he was your supervisor.

A He was in charge.

Q And I heard you mention that he had a medical problem in 1985.

A That's right.

Q At what point did his involvement change?

A Around May.

Q And how did it change?

A He went in the hospital.

Q Did there come a time when he came out of the hospital?

A But much later, and he convalesced for a year, year and a half. This guy couldn't even walk. He was on his back. He was in bad shape.

Q So you attributed his lack of involvement from that point forward to his medical problems?

A There was no doubt about it. This was a very serious operation he had. He went in for an operation.

Q Around that same time frame did he ever express dissatisfaction with this program?

A Who, Azzam?

Q Yes, Mr. Azzam?

A Yeah, sure he expressed dissatisfaction with this [redacted]. That's why he denied us access to it.

Q And this [redacted] related to the evidence that was provided by one of the sources?

A Strictly.

Q Regarding this evidence, did you learn at some point that [redacted] was a wrong [redacted]

A Yes, I did know that. I knew that when I saw it when we picked it up.

Q From the very beginning?

A Sure.

Q And what was your reaction?

A It wasn't my decision. That was CIA's and the White House's decision. We handed it to them, and that's why I was always concerned with Oliver North. Are you sure? Are you sure? [redacted] And he said it was checked. He says it's fine.

[redacted]

[redacted]

A [redacted] The report was got was that it was inconclusive, [redacted]

Q Was there any report regarding [redacted]

A I don't think there was. I don't think they talked about [redacted] on that report, come to think of it.

[redacted]

[redacted]

A [redacted] It was my understanding through Oliver North that he was satisfied with that [redacted] He had the option of saying no, forget it, and we would have closed the door and I'd have gone back to DEA and gotten involved in what I was involved in before. And I emphasized this.

And I have to tell this to the record. I emphasized this. Let me investigate this, I told him, and that's when he said that this was checked with Casey and they were satisfied.

Q But without further investigation Oliver North was satisfied with this evidence. Is that your testimony?

A That's right.

Q Without further investigation were you and [redacted] satisfied with this evidence?

A He's the one that had the power to say yes or no. If you want to know did it gnaw at me, yes, it did. It still does today.

Q How about [redacted]

A I don't know. You'll have to ask him. He has a different personality.

Q You didn't ask him, when the two of you were examining this evidence?

A Yeah, sure we talked about this later, even as we were working, that, you know, we should find out [redacted] go over there on our own and the hell with it, just for us to know. We did. It gnawed at me. It still does.

Q Did either of you advocate going back to the source and getting better evidence?

A Sure. [redacted] See, the thing fell apart.

[redacted]

Q When you first observed what evidence there was [redacted] did you feel that it was less than you had asked for?

A No, because I understand the Lebanese and Middle East and Arab mentality. [redacted]

[redacted] That didn't surprise me.

Q Did the problems with this evidence lead you to have misgivings about your source?

A Not at all. None at all. My source to today believes that's correct.

Q To the extent there were problems with the evidence you felt it pertained not to your source but to the people who were getting this information to him?

A He confronted them and they threatened each other to death -- you know, 100 men against 100 men, 1,000 against 1,000. They were going to meet anywhere on this matter. Believe me, this was not just a whim and that other guy said it's righteous.

We discussed this. Like I said before, I had the same concern, and my source couldn't gain anything out of this. You know, if it came out, if it could have been analyzed and said this is false without a doubt he would have been very disappointed, but I had to tell him it was inconclusive, and he says what the hell do I tell those people over there?

Q With your concerns, did you still advocate that the source be paid [redacted]?

A We did not pay that source [redacted]

Q Did you still advocate that he be paid?

A No, no. That decision was Oliver North's.

Q Regardless of whose decision it was, assuming you might have had some input -- well, did you have input?

A No. I had the input on the basis that we presented this incident, we presented the evidence, we presented the proposal. And Oliver North is the one that made the decision. If he said no, that would have been over. I didn't put any pressure on him, if that's what you mean.

Q So you weren't disappointed that the source wasn't paid for this evidence?

A What do you mean? He was paid. The $200,000 went in.

Q I misunderstood you. You did not advocate that that be done?

A It was his decision and I'm the one that kept asking him, are you sure. I did. I can't emphasize this -- I don't like -- you know, I've worked a lot on narcotic cases in my life, and I never got burned. You know, I didn't front my money and nobody ever gave me a load of stuff that wasn't pretty good.

So I handled this the same way, that I was concerned about the authenticity of it.

Q Just a couple more follow-up questions. I believe you testified that Mr. Allen or someone from the

CIA had some questions [redacted]

A That was Azzam.

Q Mr. Azzam?

A Azzam wanted more evidence but it was too late. You know, everybody had ideas and 20/20 hindsight. When we were putting this together they could have said specifically you have to get this green pen and it has to be etched with a purple one, and we could have sent that guy in there and he would have worked only on that.

But they said get [redacted] and he was there. They briefed him. They debriefed him and briefed him. Azzam talked to Source 1 and so then when he comes out with this they -- yeah, go ahead in there because going into [redacted] is just like that. No big deal.

And the deal was if it's not authentic you don't pay. The deal's over. That was the deal. So if we would have told Source 1 that this was not authentic he would have went and told the [redacted] contact stick it. But that's not the way it went, because Oliver North said it's okay and he says we're going to do it. And that was that.

MR. GENZMAN: I have nothing further.

BY MS. NAUGHTON: (Resuming)

Q I just have one further question. Did you see any of Colonel North's testimony before the Committee?

A Yeah, I did.

Q Was there anything that he said in there that does not comport with your recollection?

A He mentioned DEA so very briefly that I almost missed it, and all the rest I had nothing to do with.

Q I'm not necessarily saying you had something to do with it.

A Well, I have no comment about it.

Q But in the time you spent with him or the people you met through him or whatever, is there anything he said in the public hearing --

A I had nothing to do with that, so I have no comment on it.

MR. MORROW: He kind of waffled in Rodino's question about DEA.

THE WITNESS: It was obvious it was going into the private sector. I mean, I figured that out. And I think he had to correct Rodino. What did he say? Rodino said foreign officials, and he corrected him and said foreigners. Do you recall that?

BY MS. NAUGHTON: (Resuming)

Q Yes, I do. That's why I want to make it clear with you who those people were.

A That irritated me, that you can make a mistake just like that and then he corrected Stokes on the same thing. It's hard for them to remember, isn't it?

MS. NAUGHTON: Yes.

BY MR. WOODCOCK: (Resuming)

Q On the subject of Buckley [redacted] is it your testimony that Azzam never told you that he himself showed [redacted]

A He never told me that. He may have told [redacted] but I never heard that. [redacted]

Q No, no. Back up. Did he ever tell you that [redacted]

A No.

Q The next thing I wanted to ask you -- and this will be my last, I think --

MR. GENZMAN: Can I get another question in on [redacted]

MR. WOODCOCK: Go ahead.

MR. GENZMAN: Did Mr. Azzam ever tell you, or [redacted] that he had misgivings about this evidence?

THE WITNESS: Yeah, he did. Azzam told me that he didn't believe it and therefore we were not going to get the money.

MR. GENZMAN: What specifically did he say about his misgivings? He didn't tell you about [redacted]

THE WITNESS: Azzam said we're not getting the money before he even saw [redacted] I called him on the phone and I said we've got [redacted] He says that's not good enough; you're not getting the money. I told you I've known Azzam for 20 years, and none of this surprised me. Then, when he got it, he said, oh, that's not authentic. I said okay. And that was that. You know, he wanted the guy to be fingerprinted and photographed and sign the fingerprint card and then he would have probably accepted it.

BY MR. WOODCOCK: (Resuming)

Q When you testified in response to several of Mr. Genzman's questions on Mr. Azzam you said that Mr. Azzam went into the hospital and that he faded out of the picture as a result. Is that right?

A Yes.

Q However, Azzam was in charge of this particular special enforcement operation; is that correct?

A That's correct.

Q And that special enforcement operation came to an end; correct?

A That's correct.

Q In approximately June of '85. Would that be right?

A May-June.

Q And when you were authorized to work with the White House or to work with the NSC that was not a special enforcement operation, not so designated; is that correct?

A That's correct.

Q And your superior in that was Mr. Lawn within DEA; is that correct?

A That's correct.

Q I just wanted to be clear on this point. Is it your understanding that had Mr. Azzam not had this long period of recuperation that he would have somehow had a role or been in charge?

A Probably.

Q Of the NSC operation?

A Maybe not as heavy a role as he had with the CIA, but I probably would have had to still report to him.

Q Rather than report the way you did to Mr. Lawn?

A Yeah. I would probably have reported to him instead of Lawn, correct.

Q Why do you say that?

A Because he would have still been there and he was an executive assistant.

Q Did Mr. Azzam ever say to you that he was disenchanted with the North connection and he wanted out of this?

A Never. He was a sick man at the time. He was just in extreme pain and once he gave me the thumbs down on this thing here I just kind of ignored him.

MR. WOODCOCK: I have no further questions. [redacted] I appreciate your coming here and staying here so long and putting up with all these questions.

MR. GENZMAN: Thank you very much.

THE WITNESS: Thank you.

(Whereupon, at 5:40 p.m., the taking of the instant deposition ceased.)

____
Signature of the Witness

Subscribed and sworn to before me this __________ day of __________________________, 1987.

____
Notary Public

My Commission Expires: ______________________________

UNCLASSIFIED

CERTIFICATE OF REPORTER

I, MICHAL ANN SCHAFER, the officer before whom the foregoing deposition was taken, to hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Michal Ann Schafer

Notary Public

in and for the District of Columbia

My Commission Expires: February 28, 1990

UNCLASSIFIED

– 1 page C 09259

DEA AGENT 2

Exhibit 1

Dated 8/12/87

DENIED IN

TOTAL

UNCLASSIFIED

~~TOP SECRET~~

THIS IS A COVER SHEET

FOR

INFORMATION SUBJECT TO

Basic security requirements contained in Department of Justice Regulations (28 CFR Part 17).

The unauthorized disclosure of the information contained in the attached document(s) could reasonably be expected to cause exceptionally grave damage to the national security.

Handling, storage, reproduction and disposition of the attached document(s) will be in accordance with policies and procedures set forth in regulations cited above

~~EXHIBIT~~
~~EM-2~~

Partially Declassified/Released on 15 JULY 1987
under provisions of E.O. 12356
by J. Reger, Na

[redacted]
Ex. 2
8/12/87 mao

(This cover sheet is unclassified when separated from classified do

~~TOP SECRET~~

UNCLASSIFIED

3038

~~TOP SECRET~~ ~~TOP SECRET~~ UNCLASSIFIED

DEA Support for Recovery of American Hostages Seized in Beirut

Several week ago, as part of the Hostage Locating Task Force, DEA officers reestablished a contact in Lebanon with an asset who has connections with the Lebanese criminal entities. Last week, their intermediary, in response to awareness that the Dawa prisoners could be executed shortly after the end of Ramadan (June 19), agreed to proceed as follows in an effort to recover the hostages:

-- The DEA asset, "A," departed [redacted] to meet a [redacted] as well as [redacted] who is a secondary contact inside Lebanon. "A" will urge [redacted] to return to Lebanon and arrange for a meeting on Cyprus among one or more of the DEA officers, himself, and a [redacted] has been in touch with [redacted]

-- Once contact has been established and a meeting arranged, the two DEA officers will depart for Cyprus via a European city where they will deposit the $200K and establish an account for the $2M ($500K of which will be available immediately in U.S. dollars cash for use in Lebanon).

-- "A" believes that the hostages can be bribed free for $1M each as follows:

  - The $200K will be sufficient to bribe [redacted] This money will be passed [redacted] by [redacted] through [redacted]

  - [redacted] will turn over the hostages to [redacted] who will transport them [redacted] to [redacted]

  - Transport [redacted] could cost in excess of $250K apiece in order to bribe [redacted] "A" believes that the $200K in cash will be sufficient to establish bona fides to [redacted] and for [redacted] to agree to passage of at least 2 hostages. Once the operation is underway and the hostages are through [redacted] will be provided with up to $500K in cash.

  - [redacted] will turn the hostages over to [redacted] where they will be placed aboard a rented yacht for transport to Cyprus.

~~TOP SECRET~~
Declassify: OADR ~~TOP SECRET~~

- One of the DEA officers will proceed to Cyprus to rent a safehouse as a temporary holding location in the event that all hostages are not recovered in the first attempt.

- The remaining $1.5M made available by the donor will be released from the account in the European city [redacted] as the hostages are aboard the yacht and [redacted] These funds will be used to pay [redacted] and [redacted] contacts

It is assumed that the price cannot be negotiated down given the number of people requiring bribes. Both the DEA and "A" believe that this effort will produce at least two hostages and that it may be necessary to bribe the additional hostages free for $1M each. The safehouse will be used to harbor/treat the first two hostages while arrangements (both financial and operational) are being made for the remaining hostages. "A" believes that at least 72-96 hours would be required for a second round.

The DEA officers are prepared to depart as soon as they are contacted by "A." Travel arrangements and operational costs are currently being financed from funds from private sources.

The two DEA officers should be made available for this operation for a period not to exceed 30 days, preferably directly to this organization. It is important that no other parties become aware of this operation in order to protect "A" as well as the donors.

TOP SECRET
UNCLASSIFIED
HSITS-54/87

BOYUM

BOYUM
2:00 p.m.

DEA AGENT 3

DEPOSITION OF [redacted]

Wednesday, May 13, 1987

House of Representatives,
Select Committee to Investigate
Covert Arms Transactions
with Iran,
Washington, D.C.

The Select Committee met, purusant to call, at 2:00 p.m., Room B-352, Rayburn House Office Building, Pamela Naughton, (Staff Counsel) presiding.

Partially Declassified/Released on 14 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

4245

COPY NO. 1 OF 2 COPIES

1A of 3

UNCLASSIFIED

Whereupon, [redacted] after having been first duly sworn, was called as a witness and testified as follows:

EXAMINATION

BY MS. NAUGHTON:

Q Would you state and spell your name, please?

A [redacted]

Q [redacted] this is a deposition under the Rules of the House Select Committee to Investigate Covert Arms Transactions with Iran.

My name is Pamela Naughton, I am staff counsel. I have asked the other people around the room to introduce themselves for the record.

MR. GENZMAN: I am Robert B. Genzman, associate minority counsel.

MR. KAPLAN: Jimmy Kaplan, associate counsel with the Senate Select Committee.

MR. FLYNN: Henry J. Flynn, investigator with the Senate Select Committee.

BY MS. NAUGHTON:

Q [redacted] you have received a copy of our rules of the Select Committee; is that correct?

A That is correct.

Q And feel free at any time to review or refer to those rules in the course of the deposition. We discussed earlier your right to have your own personal attorney present at this stage or at any stage of the deposition. Do you understand that?

A That is correct. I would like to enter into the record though, I was only advised of this before coming here, shortly before.

Q Okay, fine. Do you wish to have your own attorney present?

Q No, not at this stage.

A All right.

Also note that this is executive session material which means that the committee holds it confidential in secret.

A Okay.

Q The committee would also strongly request that you also keep it secret and what you say in the deposition to remain confidential.

We do think for your own protection as well as for theprotection of the committee's investigation.

Do you have any questions about that?

A No.

Q All right.

Let's start off with a little bit of your background.

How long have you been in the DEA?

A Sixteen years.

Q And for the record, the DEA is the Drug Enforcement Administration?

A That is correct.

Q Did you say six years?

A Sixteen years.

Q Sixteen, okay. And you are currently stationed where?

A [redacted]

Q And how long have you been [redacted]

A Two and a half years.

Q And prior to that you were where?

A [redacted] - immediate posting or would you like to know theother postings?

Q All of your other postings?

A [redacted]

Q What is your current title?

A [redacted]

Q Are there any other DEA agents stationed in [redacted]

A Yes. We recently received a second agent position.

Q In [redacted]

A Yes.

Q Are there any others?

A A Secretary.

Q When did this new agent arrive on the scene?

A In September of last year.

Q So there are no DEA agents permanently assigned to either [redacted]

A No.

Q Do you know the agent named Agent 1 [redacted]?

A Yes, I do.

Q When did you first meet Agent 1 [redacted]?

A I met Agent 1 [redacted] in 1974 or 1975, and I was stationed [redacted] at the time and he was stationed [redacted] We had numerous joint investigations between the two countries.

Q And prior to 1985 when is it last you worked with him?

A Oh, I guess shortly before he was reassigned to the states, which I believe was in 1980.

Q And the agent by the name of Agent 2 [redacted] have you ever met him?

A Yes, I have.

Q And where did you meet Agent 2 [redacted]?

A Agent 2 [redacted] was an [redacted] our offic [redacted] during the same time I was assigned [redacted] and therefore we had contact on investigative matters.

Q Now, did there come a time in 1985 that either Agent 1 [redacted] and Agent 2 [redacted] contacted you while you were in [redacted]

A Yes.

Q Can you tell me how that came about?

A Yes. I believe it was the end of January 1985, or beginning of February, I received a telephone call from Agent 1 [redacted] who was in the process of departing from Washington and he requested that I contact Mr. Abraham Azzam, who was the chief of foreign operations for the DEA, who was on temporary duty [redacted] and Agent 2 [redacted] requested that Mr. Azzam, myself, and [redacted] DEA acting agent in charge of the DEA [redacted] meet Agent 2 [redacted] and Agent 1 [redacted] in [redacted] following day.

Q Did he tell you what for?

A He told me it was a very important meeting and that I should advi~~c~~se Mr. Azzam that the administrator had requested his presence at the meeting.

Q That is Mr. Lawn?

A He was not specific. I think Mr. Mullen was our administrator during that time. It was right between the -- I believe it still was Mr. Mullen.

Q But he did not give you the subject matter?

A No.

Q Did you go [redacted] the next day?

UNCLASSIFIED SECRET

A Yes, the following day I deove [redacted] and met Mr. Azzam who was arriving [redacted]nd about an hour later we met Agent 2 [redacted] and Agent 1 [redacted] deplaning from New York.

Q What happened then?

A We also met up with [redacted] who I believe came in later and traveled to the [redacted]

Q The what?

A [redacted] and Agent 2 [redacted] gave us a briefing on the purpose of the meeting.

Q What did Agent 2 [redacted] tell you?

A Agent 2 [redacted] told us that the President had a full-court press going to identify the location and possibly win the release of the hostages, and the White House had contacted the Attorney General, who had in turn requested the assistance of the law enforcement community for assistance in locating the hostages.

Q And that William Buckley, [redacted] the chief of station for the Central Intelligence Agency in Beirut prior to his capture and that this also involved a, not just a human terrorist, but Mr. Buckley had sensitive information that it was very important that he be located and returned.

UNCLASSIFIED

Agent 2

[redacted] explained that DEA had received official funding of $50,000 for this operation under a special enforcement operation 471 and this money was to be used to pay for the expenses of people who were willing to cooperate to locate the hostages, and that if that money was expended that the NSC and slash or the CIA would assume the funding depending on the success of DEA to make some progress towards the hostages.

Agent 2

Q What did [redacted] say the role of the CIA and the NSC were?

A Well, he explained that CIA had had difficulty in making progess in locating Mr. Buckley and that therefore the law enforcement community, since we have DEA, specifically has numerous narcotics sources who frequently travel in and out of [redacted] Lebanon area where they were suspected to be held, could provide information to the agency and the NSC about the situation down there.

MR. FLYNN: Could you repeat the area?

THE WITNESS: [redacted]

MR. FLYNN: [redacted] what?

THE WITNESS: [redacted] Lebanon.

MR. FLYNN: In [redacted]

THE WITNESS: In [redacted]

BY MS. NAUGHTON:

Q Did he tell you specifically what was to be done with your sources, in other words, did he make any mention of turning the sources over to the CIA?

A I think that initial discussion was that we should determine first of all what sources we had available in DEA within [redacted] and if any of them would be usable or could develop strategic information about this,and they would be actually run by or debriefed by [redacted] and [redacted] but also made accessible to the agency for debriefing.

Q What was the role to be of the NSC?

A Well, if I can retract a little bit, the White House was the word they used. I am assuming NSC through what I have read in the newspapers.

Q Okay. What was the White House role to be then?

A They would be the central, I guess, clearing or collecting house of all intelligence, [redacted] to evaluate the possibility of getting these people out.

Q Did [redacted] and [redacted] mention any specific names at the White House?

A I believe that they -- heard the name of Adirmal Poindexter and,I believe, Mr. McFarlane. I can't really remember specifically. I believe Poindexter was mentioned.

Q Do you recall in what context?

A That they had spoken with them about what they would like to accomplish, what DEA could possibly provide in the way of strategic intelligence about the situation in Lebanon.

Q What did they tell you regarding the money other than the first $50,000? Did they say anything other than the CIA and the White House would provide it thereafter?

A Well, what they explained to me is that some of the informant -- I won't even say informants -- some of the sources, the people who were willing to assist in the effort, it would be easier for them to come out [redacted] for debriefings [redacted] in some cases. [redacted] if [redacted] or [redacted] were unable to meet and reimburse these people for expenses, that I would be able to get funding through the SEO fund and reimburse them for expenses.

But that actually, that only happened on one occasion.

Q What else did they tell you at that meeting?

A Just that we should consider it to be a priority mission and that it was to be considered very classified. It was not authorized to divulge the operation or any aspects about it to anyone including our ambassador, they were afraid that if this got out that William Buckley would be subjected to intensified debriefings.

Q What about [redacted] were you allowed to discuss it with them?

A No. I was told not to discuss this with anyone.

Q Did they mention at all the use of any private monies or whether or not you should handle any private monies?

A No.

Q There was no discussion about private monies?

A No.

Q Was there any discussion of how operational you should be in this?

A Just peripherally. If the need arose that one of the sources had to have expense money and it was convenient for him to pick up his money [redacted] I should assist. And also I should make an attempt to debrief all of the sources that I came in contact with concerning their availability and possible value to the program.

Q But other than contacting sources and obtaining intelligence, did you discuss any sort of operational role for you or any other DEA agent?

A No.

Q In [redacted]

UNCLASSIFIED

Q Did you discuss that at any time?

A No, other than being able to help them with expenses. That was the extent of my operational role.

Q How long did this meeting take [redacted]

A Well, we later met with two prospective sources who were familiar with the situation [redacted] and I came in on the meeting a little bit late, but they were being debriefed on what the situation was, the political situation, what the -- as far as the danger of operations in that area and what these people would be willing to do to assist.

If Buckley -- and there were no specifics to these individuals about what the operation was about, just if an American could be located, if they would be willing to assist in getting him out of the country, in other words, if there was a forceful extraction inside of Lebanon, would these people be willing to make sure the person was moved out using their connections.

And the person agreed to try, but said they would not since this was sprung on them they would have to travel [redacted] and do some research and find out what the situation was.

Q Was money given to---

A No. Now, after these people went [redacted] about a week later I received a call from [redacted] and he asked me if I would pay one of ~~these~~ subjects $5,000 in reimbursement for his travel expenses because he was going to be traveling back [redacted] So I was also provided a DEA fund cite via cable for $5,000 charged against the operation 471.

And I traveled [redacted] met with the subject, and paid him $5,000 for which eh signed a receipt, DEA standard payment receipt.

Q And did you file that receipt with headquarters?

A Yes, it was submitted through the standard DEA procedures.

MR. FLYNN: Was that a government form, or just a sheet of paper that you---

THE WITNESS: No, it is a government form referred to as "payment for expenses" and it is a form that comes in triplicate. One copy goes to, normally to the investigative file; one copy goes to the file of the subject; and one to the voucher processing for internal controls. The person was actually paid.

BY MS. NAUGHTON:

Q When you say you signed it to special enforcement operations?

A Yes.

Q Is that where you got the money from?

A Yes.

Q 471, is that an account for special operations?

A Well, DEA has what we refer to as SEOs which stands, the acronym for Special Enforcement Operation, and if our headquarters finds a specific operation that needs headquarters funding which would exceed the normal funding available to our district offices, then headquarters will agree to fund specific operations whether it is a cocaine project [redacted] or a heroin~~e~~ lab case [redacted]

And they create a number for each operation for accounting purposes and also for a file, like a general file, a catch-all. You don't know who your subjects are at the time. You~~r~~ are targeting specific geographic areas or group of subjects.

Q So were you given a special number for this operation?

A Well, the file number was SEO 471. However, I am not -- you are not authorized in the field to make expenditures for a special enforcement operation unless you have a fund cite which is regulated -- a fund cite, in other words, DEA headquarters will allocate $5-$10,000 to a specific district office for use in paying sources, or travel expenses, or reimbursements for other investigative expenses. And the fund cite basically designates, it is like a standard government fund cite where the Department of Justice numbers come first, the DEA comes second, then it would be designated office of special operations, and then the last four numbers would be that specific project; so you keep control of expenditures.

MR. FLYNN: You say the fund cite; is that SITE?

THE WITNESS: CITE, fund cite, CITE.

BY MS. NAUGHTON:

Q So you did not receive that special number until you requested the $5,000; is that correct?

A Yes, that is correct.

Q With that number does there come a code name for the operation?

A No. 471 was the code. That was the thing that it was referred to as.

Q Is that the only time you withdrew from the fund cite?

A Yes. [redacted] also -- I believe he allocated $500 or $1000 to the [redacted] Account for telephone expenses, travel expenses, any expenses that he might encumber while [redacted] assisting in this endeavor.

Q So the total amount you were authorized was $6,000 or less?

A $6,000 -- yes, $5,500 or $6,000.

Q Do you recall approximately what month it was that you paid this source?

A Yes, it was immediately after the first meeting. It was within---

Q In January then?

A Within two weeks. Probably, I would say, February.

Q Now, was this source paid for as reimbursement for the first trip [redacted] or was this in advance for the next trip [redacted]

A It was, I think it was both. I think he stayed [redacted] longer than he had planned on staying and yet he was going to be returning [redacted] so it was a combination of the two.

Q Did you write any sort of report of either the briefing or the meeting with the sources?

A No, in fact, I did not debrief the sources because the agreement was that they should be debriefed by the people who were in the know of the operation, not to subject the sources to various debriefings by people who really didn't have knowledge of the names that they were dealing with and the background to make a worthwhile debriefing.

Q So to your knowledge, of all the sources you contacted, by whom were they debriefed?

A [redacted] and [redacted] and I believe they mentioned someone from the agency also.

Q Was that a man named [redacted]?

A I never met or heard any agent names, but I believe one of them debriefed an informant [redacted].

Q Now, after the -- I guess in February of 1985, then your encounter with the first two sources, what happened regarding your activities in this area?

A Well, nothing happened until 19 -- I believe it was August or September of 1985.

Q Excuse me, I did have one preliminary question.

Was there any discussion of whether or not you should write reports on this activity?

A No, we were told not to. There should be no formal reporting done through the DEA channels.

Q Who told you that?

A [redacted]

Q Did anyone else tell you that?

A No. Mr. Azzam, myself, [redacted] were all present at the time. Any reporting, I guess, that was going to be done would be conducted there at Washington for security reasons.

They just couldn't take a chance on Buckley's position becoming known.

Q So when you submit your authorization for the fund cite you didn't list any specific reasons --

A Just reimbursement for 471 and any questions should be referred to [redacted] at headquarters.

Q Did [redacted] indicate to whom he reported at headquarters?

A Well, the initial discussion I believe was with Mr. Azzam, who was -- he was either chief of foreign operations or going into his new job as assistant to the deputy administrator. He had been asked by our headquarters people to be the official liaison between the agency and DEA to ensure that there was a coordination and that [redacted] and [redacted] would be responsible for debriefing the sources and Mr. Azzam would be the one to pass that on to the agency.

Q Did that later change?

A I have no idea. You would have to talk with Mr. Azzam. I know he -- I know his participation in this operation either became limited or he became no longer involved after an amount of time, because I had asked him last fall, I guess, if they were having any luck, and he told me he was not involved in that project anymore.

Q Did he tell you why not?

A No.

MR. GENZMAN: Who are we talking about again?

THE WITNESS: Mr. Azzam, he is the special assistant to the deputy director of DEA.

BY MS. NAUGHTON:

Q Now, you were starting to tell me what happened in June?

A August.

Q August?

A Yes, August or September. I am sorry I didn't know I was going to be participating or I would have looked in my notes here, but these are approximate times, and I make you aware of that fact.

[redacted] called me [redacted] and said he was [redacted] and he was in contact with the sources that had had his passport either lost or stolen, and asked if I would be available later that afternoon for a meeting [redacted] Actually, it was in the morning when I got up there. He subsequently traveled [redacted] and told me that he was in contact with a subject who alleged to have influence over the [redacted] Community, that was the overseers of the people who were holding the hostages, and that his fellow had scheduled a meeting, I believe [redacted] with one of the influential [redacted] and needed a temporary travel document.

We discussed various possibilities of covert identities, but decided since it was a matter of such national priority to request that our ambassador authorize the issuance of a temporary passport for [redacted] to use accompanying this guy to his meeting, and I told [redacted] I doubted if the ambassador would issue it just based on a DEA request, and that someone should call her from Washington at a high level and explain to her that this was not a normal DEA request should receive her immediate attention.

I then called -- [redacted] contacted, called someone in Washington, and explained the situation.

Q Do you know who he called in Washington?

A This is only speculation on my part, but I believe he contacted Mr. Dickey or Mr. Hickey, who was the special adviser, I believe, to the President for terrorism and military affairs.

And then we went to the ambassador's office, she was on the telephone at that time with Washington, and got off the phone,and we told her we needed her assistance and she asked the consular officer to come to her office a and requested that the consular officer provide a temporary passport.

Q Let's back off a minute, did she say she had received a call from Ed Hickey?

A She didn't. She just was on the telephone and said, "I understand," hung up, and then came to us and I just briefly told her that we were in contact with someone who possibly could help get Mr. Buckley located and so that at that time she called [redacted] the consular officer.

Q Did you introduce [redacted] to Ambassador [redacted]

A Yes, as a Drug Enforcement Administration agent.

Q From Washington?

A Yes.

Q Did she inquire why this was coming through DEA?

A No. No, she apparently was -- that was explained on the telephone, apparently.

Q What happened when [redacted] came into the room then?

A The ambassador asked her to assist us, and she agreed to do it, and then we departed the room, and [redacted] then explained that the ambassador did not have the authority to authorize issuance of a passport and that---

Q Excuse me, who agreed to do it, the ambassador or [redacted]

A [redacted] agreed to do it in the ambassador's presence. Then after we left the office she explained that actually it would not be possible for her to do it because of State Department regulations, and that ambassadors had gotten trouble for authorizing the issuance of passports without following the procedure.

[redacted]

UNCLASSIFIED
TOP SECRET

[redacted] I explained to her that this was a situation that required immediate action, and thanked her for her help, or non-help, and that was it.

Q What did [redacted] say to [redacted] when she described this procedure to you?

A He just explained that this was an -- well, that it involved an American official. We didn't tell her, give her any details that Mr. Buckley was actually in the agency and if there was not some way to expedite the procedure. She said she could check again, but she was sure that they would be unwilling to bend on this and suggested maybe someone could contact Secretary Shultz or someone in the State Department and he explained that this was an operation that could not have wide exposure, it couldn't, too many people could not be notified over the telephone, and so on, it was departmentalized classified.

Q So what happened?

A [redacted] then went [redacted] and I contacted him, I guess he contacted me, I believe a week later, and stated that they had resolved the temporary papers to enable this guy to travel.

Q How was that resolved?

A I can only speculate. [redacted] would have to answer as to that.

Q After speaking with [redacted] and learning the procedure, did you consider going back to the ambassador and having her make a few phonecalls since they had already briefed her on it?

A No.

Q Why not?

A We just decided that first of all, we were under instructions not even to involve the ambassador. We had breached the instructions by even doing that and that, just got to thinking about it and decided that that was not even the proper thing for us to do, and I believe [redacted] also talked with [redacted] about that aspect of it.

We should not get people involved in this that did not have a actual need to know. Basically, that was it. We were starting to get too many people involved?

Q Did you ever meet this source?

A Yes, I did.

Q When was that?

A I met with him. He and a separate source who was acquainted to this source [redacted] I believe it was a week or two after [redacted] offical meeting [redacted] The primary reason for that was the second individual who was on contact with [redacted] and this source was also a potential narcotics source.

[redacted] asked if I would come down and discuss possibly working as a narcotics source for us, also.

MR. GENZMAN: Did you say that is a second source?

THE WITNESS: Second source, yes.

BY NAUGHTON:

Q I am talking about the source who lost his passport.

A Yes, I did meet with the source who lost his passport, and the other subject.

Q When did you meet the source who lost his passport?

A At the same time. A week or two after [redacted] first contacted me.

Q So---

A Middle of September.

Q In February?

A No, September.

Q Okay.

A September. The First two weeks in September.

Q This is 1985 now?

A Yes I believe I can -- if I can jump some questioning, I believe I can clarify a little bit about this guy and possibly how it might -- how it might have relevance to your investigation.

Q To get it straight, we are referring to the guy who is now in prison?

A No. The one I am thinking of is, he referred to himself as a Saudi Prince.

Q All right.

A Okay. And he said that he was a Mullah and that he had contact with people in both Lebanon and in Iran who had religious influence over people who were holding the hostages, and that in a humanitarian gesture, he would be ~~[illegible]~~ willing to influence them, and as payment for his good deed he expected relocation for himself and his family into the United States.

Q Did he explain why he couldn't go back to Saudi Arabia?

A He said that he was a member of a -- there were two types of Saudi Arabian families, one was -- there was a wife side of the family, and the husband side of the family, and he was a prince of the wife's side of the family, which really did not have a lot of clout, and he had run afoul with the Saudi hierarchy, and did not get into detail why but he was in hot water with them, and wanted to relocate the the States.

Q Did he say where he wanted to locate in the United States?

A I believe he said he was living in California where he had rented a home there.

Q Is this the only time you met the prince?

A Yes.

Q Did you pay him any money in September?

A No.

Q Do you know whether [redacted] and [redacted] paid him any money?

A I couldn't answer that.

Q At any time?

A No, but I know when he -- he portrayed himself to be a very wealthy individual who was doing this out of humanitarian reasons and did not -- almost would act insulted if someone should offer to reimbursement him for any of his expenses.

He made that very clear that he was not in this for financial gain.

Q Did you meet with the prince in the accompany of anyone else?

A Yes.

Q Who was that?

A The second source. This was someone who knew the prince. I believe he was using the name of -- the prince was using at that time the name of Masudi Ibrahim Masudi, and the other fellow who was at this meeting had just arrived [redacted] and basically gave us a briefing of the situation there and where, allegedly where one of the hostages had been moved in recent weeks.

Q So these two men knew each other?

A Yes.

MR. FLYNN: Excuse me, I got to ask you something. I am a little confused here. These two men here have nothing to do with the man you paid the $5,000 to?

THE WITNESS: No, no, sir. These are separate people.

MR. FLYNN: Where did you meet these two men?

THE WITNESS: [redacted]

MR. FLYNN: When?

THE WITNESS: Sepbember 1985. The other subject I met in February of 1985.

BY MS. NAUGHTON:

Q Were you here last week in the United States?

A Yes.

Q Did you watch any of the hearings?

A The stuff that was capped during the news at nighttime.

Q Did you see pictures of Richard Secord?

A Yes.

Q Did you see him [redacted] at any time?

A No. However, I did see an associate of his.

Q Who was that.

A Albert Hakim.

Q Okay. Is this the money tale?

A $30,000.

Q Before we get to that, I want to stay on the prince for a minute.

A Okay.

Q You never saw Secord with the prince?

A No.

Q Did you ever see a man named Willard Zucker?

A No.

Q Did you know William Zucker?

A No.

Q Did [redacted] or [redacted] speak to you about the prince.

A [redacted] had.

Q And what had he told you about the [prince,] in other words, what was his evaluation of this guy's credibility?

A Well, he said that this was the only non-DEA generated source that they had talked to and this guy had been handed over to DEA by the White House.

A Did he say who at the White House?

A No.

Q Okay.

A And that we should try to analyze his value, in other words, if he said that he could meet a Mullah and get the hostages out, to hold his feet to the fire and make him produce, you know, come up with a meeting to hear what was being discussed since it was not a DEA generated asset.

end boyum

cantor fls

UNCLASSIFIED

cantor
3:00

Q Did [redacted] tell you he met the prince?

A I know they were together [redacted] They had been together before he called, but I have no idea where they made their initial meeting.

Q Did [redacted] indicate when he had met the prince? Did you get the feeling this is a recent acquaintance?

A Yes, ~~A~~ a very recent meeting. [redacted] was in the process of determining the bona fides of this guy, what actually, if he could produce what he said he could produce, that he did not really know that much about this subject or his background. The DEA are very skeptical when we meet a new source, especially when it is handed over to us, because you don't have the background, and you try to find out as much as you can about such before you put your life on the line.

Q Usually if they are a good source they are not handed out?

A Exactly, they are not. You obviously have had some experience with narcotics prosecutions.

Q Did [redacted] know of the price? Did you ever discuss him in his presence?

A Yes, [redacted] did know the price.

Q Why do you say that?

A Because I think I talked to [redacted] about [redacted] I was trying to get a hold of [redacted] talk and ask where [redacted] was, if he and the prince had moved out [redacted] to the meeting.

Q What did [redacted] say about the prince?

A Just in general, where is he, no real details about his background.

Q Did [redacted] ever mention anything about the prince regarding the contras in Nicaragua, any payment or contributions he was going to make?

A No.

Q Did the prince ever mention to you any planned contributions of any sort to the contras in Nicaragua?

A No. He was a class act so far as being a good BSer.

Q Do you know what happened to him after?

A Yes. Well, I am assuming because I read in the newspaper where Judge Webster was asked about the Saudi prince who turned out to be an Iranian how is now in jail in Philadelphia for bank fraud, and I believe, he is an associate of Richard Miller's, and I have gotten that out of the newspapers.

Is this the same fellow?

Q Yes.

A Okay.

Q Did you see Richard Miller in [redacted]

A No.

Q Did [redacted] ever discuss Richard Miller.

A No.

Q What about a man named Channell, Carl Spitz Channell.

A No.

Q During the trial of the prince, do you know whether or not you or any other agent of the DEA was called on to either testify or provide any information?

A No.

Q There is no contact there?

A I am not aware of that.

Q Did you meet the prince at any time other than that meeting in September of 1985?

A No.

Q When you saw him in September did you ask him about the passport thing?

A No.

Q Do you know under what travel papers he was traveling?

A I believe [redacted] said he was using Iraqi papers. There was something in consistent about him being a Saudi and having an Iraqi passport and having contacts in Iran. To be honest with you, we were very, well, I won't say, not suspect, but his whole story was missing a few pages. We all know why now, I guess.

Q I have a question on the source, just in general. When you contacted any of them, for whatever reason, did you have to record that contact in their jacket?

A No. First of all, if it would have been an established DEA source, then he would have been debriefed first of all for narcotics intelligence, which goes into the narcotics -- into his case file on that subject, when it is heroin~~e~~, cocaine, geographic area, and the non-narcotics intelligence would be put on a memorandum [redacted]

I mean unless it was specific about the Buckley hostage thing, because I was still under a caveat not to discuss that with anybody, but I can think of maybe one or two occasions where I debriefed informants who reported [redacted] which I put in memo form, [redacted]

Q Was that during the time period of these arms sales?

A Yes, apparently one of the informants was very -- had some information about it. I don't know what follow up was done, but I did pass that [redacted]

Q What time frame was that?

A The fall of 1985, December. It could have been in January or February. Our general counsel has requested that I forward all debriefings for your area, so I instructed my secretary to send that.

Q Do you recall what that informant told you about that arms deal?

A Well, he said that -- this was actually an informant [redacted] who had information about drug traffic, cocaine trafficking [redacted] and as part of his routine debriefing we get into terrorist weapons, anything that might interest another government agency that is working at it, and he stated that he had knowledge that Israel was reworking TOW missiles, putting fancy warheads on outdated TOWs and selling them to Iran, and that Iranians were happy with the missiles and they wanted to have direct contact, Rafsanjani, I believe, was the contact he alleged to have direct association with. Rafsanjani wanted to talk directly to the United States and resolve difficulties, end the war, whatever.

The bottom line was to get guns, get weapons that he needed for his war against Iraq.

Q Did the source say how many TOW missiles?

A It has been two years. It would be best for you guys just to review the memo. It should be in there whatever he told me.

Q Do you recall what nationality the source was?

A The source was [redacted]

Q How did you have any contacts?

A It is really a strange thing. He apparently had been at one time involved in [redacted] politics, and had been incarcerated by [redacted] and he escaped and ended up in Europe and got involved with weapons trafficking.

The guy is probably still a decent source. I have no idea. I didn't have contact with him after the initial debriefing because the agency was not interested in purchasing any of them. They had a lot of people beating their door down at that time with the same story. Do arms with us and we guarantee an end of the war and we will make a million dollars.

He didn't mention about hostages or anything though.

[redacted]

Q Going back to my question about the sources, of the sources with whom you would talk about the hostages in Lebanon, would you make a record of that contact on their file?

A No, because they were not established DEA informants, not informants, DEA cooperating individuals, sources, whatever you want to call them.

Q They didn't have numbers?

A No. None of the ones I met -- well, the one that I met initially was not an established numbered DEA source. The subject that he introduced to us had never had contact with U.S. authorities before, so he obviously wasn't numbered, and the prince and his associate also had not had contact with DEA prior to our meeting with them.

Q So you didn't establish them?

A No, there was no establishment. My issue was never explained to become directly involved in any debriefings of these people. It was supposed to be handled by [redacted] [redacted] and the agency people who were working on this thing.

Q What was your next contact with this activity of September of 1985?

A In May of 1986, I received a telephone call from [redacted] who was [redacted] I think it was about 2 o'clock in the morning, and he told me he had to fly [redacted] the following day to pick up money for expenses for himself and his sources, and he asked me, he gave me an arrival time [redacted] [redacted] and asked what the turn-around time would be, or if he could make it back [redacted] that evening. And I explained to him that that wouldn't be possible, so he asked me if I would be willing to pick up the expense money initially [redacted] take it to him [redacted] so he could get back on the plane and get down there, and I said I surely would assist him. So he told me that someone would be calling me the following day and would make arrangements to give me the money.

Q Is that what happened?

A Yes.

Q Someone called you the next day?

A Yes.

Q Was this a local call?

A No. Well, I can't remember if I had a telephone number [redacted] or if he gave my number out. Anyway---

Q Excuse me just a minute. Did [redacted] tell you where the money was coming from? On the other hand, did he say "I am waiting for so and so to wire it"?

A No. He was in contact with, I believe, [redacted] in Washington, and [redacted] was coordinating in Washington the payment, deliver, whatever, of expense money for [redacted] in [redacted]

Q So the next day didyou get a call?

A Yes. A person who identified himself as Albert, and he said that he had a package for [redacted] and asked if I could meet with him [redacted] to pick it up, because there was some problem. He also had some time constraints getting [redacted] So we arranged to meet at 2:00 p.m. at the apartment building. It was a short-term lease apartment like you could lease it for a month or two, or a couple of weeks [redacted]

Q Do you have the name of the street?

A It was the [redacted]

Q Give me that again.

A [redacted] I am not sure of that.

Q Is the name of the apartment [redacted]

A [redacted] It is an expensive apartment building. He also gave me a room or an apartment number.

Q Do you remember that number?

A No name. No, it was on the fifth floor, I believe, next to the last floor, because I took the elevator up one too high and had to come down one. In fact, there was no number on it. That was the problem I had. The number had fallen off the door, and I kept looking around for it and I was pounding on doors, and Mr. Albert poked his head out finally and asked if I was [redacted]

Q Have you seen pictures of Albert Hakim?

A Yes, I have.

Q Is that the person that came out the door?

A Yes.

Q Let me show you that time-worn photo.

A Yes, that is Albert.

Q And he asked if you were [redacted]

A Yes.

Q Was anyone with him?

A No. He was by himself.

Q What happened then?

A He invited me in the apartment, excused himself for the condition of the apartment because he said he had just moved in there that day. I thought Albert was CIA, because he was very guarded in his discussion with me, and he was not going to tell me anything that I didn't absolutely need to know, and I wasn't going to offer anything that he didn't need to know. So it was kind of like a Mexican standoff.

Q Was indeed the apartment like full of boxes as if he was moving in?

A It was empty. There were no clothes hanging up. Well, I think the excuse was he had nothing to offer me to drink in the form of a beverage. He had just moved in.

Q Was there furniture?

A Yes, it was a fully-furnished apartment, but there were no signs of any inhabitation. [redacted]

Q You say he excused himself?

A Well, he said "I am sorry I don't have anything to offer you to drink. I just moved in and I haven't gotten situated."

Q What happened?

A He said he had a package form [redacted] and asked me if [redacted] had arrived [redacted] and I told him that [redacted] would be arriving that afternoon, and I would be traveling to [redacted] to pass the envelope to him.

I asked him if he wanted me to sign a receipt, and he said no, that won't be necessary. There is 30, right? I said, well, I don't know the details. I have just been asked to pick up the package and deliver it to [redacted] He said, "Good Luck." All of maybe two minutes.

Q Did he mention any other names?

A No, just [redacted]

Q Did you get the impression that he knew [redacted]

A Excuse me. He did not say [redacted] I got the impression that he had been told about [redacted] that he knew him. I doubt if he knew him because he would have said, "Tell [redacted] hello for me" if he knew him, and he did not send him a type of greeting to [redacted].

Q How did the money come? On the other hand, was it in an envelope?

A It was in a brown envelope.

Q Sealed?

A Sealed.

Q Any markings on it?

A No.

Q It was American money, I assume?

A I don't know. I never opened the envelope. It was an envelope maybe about that big. I put it in my pocket. We handle large amounts of money [redacted] for drug operations, up to $3 or $4 million. It is surprising how small $30,000 can be if it is in big notes. I am assuming it is $30,000. I am speculating on that because of hearing Mr. Secord testify, and having Albert say 30. I would hope there was 30 in there.

Q What was his reaction when you said "Do you want me to sign a receipt?"

Q Not necessarily.

A Did he laugh? Did he look surprised?

A No.

Q Did he hesitate?

A He acted like he was very cool, like he was used to the intelligence community and no unnecessary movements or discussions.

Q What happened after you left his apartment.

A I drove directly [redacted] and met with [redacted] [redacted] I believe I may have even met his flight, drove

UNCLASSIFIED SECRET

him to the [redacted] Hotel and he asked if I had picked up his package, and I said, yes, and handed it to him. We were in the lobby area. We didn't have a chance to get into any discussions about the details of it because of a lot of people standing around there, and I told him that I told him that I had to get back [redacted]

We had a drug operation going, and seeing to it the next morning.

Q So you never really discussed Albert with him.

A No. I told him there was a guy by the name of Albert that gave the money to me, and that I suspected he was an agent of the CIA, an officer.

Q What did [redacted] say when you said you suspected he was a CIA agent?

A He said he didn't know he was, that Washington had arranged the money to be passed.

Q Did he specifically say Washington, or any name, or any person?

A Washington. He had mentioned earlier he talked to [redacted] about it, so I assumed [redacted] was the one that was in contact with whoever had Albert make the money availabl

Q What is the next thing that you recall occurring?

A Did you have any involvement or know of any actual plans to extricate the hostages?

A No.

UNCLASSIFIED

I know I had asked [redacted] on occasion how things were going, and he said that they developed a good network of sources down there, but the situation kept changing so quickly that it was not as easy as they assumed it would be when they initially got involved in assisting, and I inquired if Mr. Buckley was still alive, or what they knew about that. And they said there were reports that he was dead but still they had no conclusive evidence. [redacted] But never during these discussions was there anything about Iranian arms or contras. It was DEA operations to try to locate the hostages. We talked about different ways of how we might be able to be more effective. They were hesitant to get too many DEA people involved, doing like European wide search for sources.

If one of us came up with ideas---

Q But did you ever discuss any specific plans with [redacted] or [redacted] regarding getting the hostages out? On the other hand, how to do it mechanically?

A No. I don't believe it ever got to that point that we actually got into the mechanics.

Q So you were aware of no specific plans that they were involved in?

A No.

Q Did either [redacted] or [redacted] mention Oliver North.

A No. I overheard Ollie before.

Q In what context?

A I believe when [redacted] was [redacted] or [redacted] he was talking to [redacted] and the name Ollie came up. I can't remember in what context it was, but I thought that to be a rather strange name. I assume that if anybody in the White House is running it it was Admiral Poindexter, since that was the name that was mentioned initially.

Q Ollie was discussed in connection with the White House though?

A I believe [redacted] was talking to [redacted] about how things were going, and asked or inquired if the latests had been given to Ollie.

Q Did either [redacted] or [redacted] discuss with you how their expenses were paid?

A That they were reimbursed. One of the things that [redacted] mentioned when I met with him [redacted] was that they were continually out-of-pocket during this operation, that they were given a minimal travel amount in Washington, and in this instance [redacted] had been overseas for, I think, five or six weeks, and his American Express Card had taken substantial beating, but that the agreement was that they would be reimbursed, I guess, when they got back to Washington.

Q Did he say by whom?

A No; that is it.

Q Did they mention the name Robert Earl?

A No.

Q What about Craig Coy?

A No.

Q How about Howard Teicher?

A No.

Q Were you asked at any time to prepare any sort of report or memo on these activities?

A No. I was specifically asked not to---

Q NOw I am talking the recent past. Has anyone from DEA asked you to write this up?

A Oh, no, no. I have talked to our inspection people about it, the day before yesterday, and also I talked to, I was asked to go to the independent counsel yesterday afternoon.

Q Did you tell the independent counsel anything differently than you have told us this afternoon?

A No. In fact, I think I have gotten into more detail with your session today. It is basically the same. The major events that I can remember or recall are the events that I was involved in.

Q Do you recall anything they asked you that I have not asked you?

A No.

Q Did Mr. Lawn's office ask you to prepare any sort of memo or report?

A No.

Q Did [redacted] or [redacted] ever tell you about any instructions received from the Attorney General?

A No.

Q Nothing specific?

A No. Just initially [redacted] that the President was very concerned about the situation, and had made that known to the Attorney General who had made it known to the law enforcement community that we should support this effort.

Q Were you aware of any other activities by any other law enforcement agencies to do the same thing that DEA was attempting to do?

A No.

Q Were you aware specifically of any FBI activities along those lines?

A I believe that [redacted] mentioned to me that they had received [redacted] ldd 1/fls jm

BY MR. GENZMAN:

Q [redacted]

A

BY MS. NAUGHTON:

Q Did they say what they had determined?

A Inconclusive.

Q When is the last time you spoke to [redacted]?

A I talked to him on Monday.

Q And did you discuss this subject?

A Just generally, trying to determine my involvement. I, of course, was very concerned about any backlash as far as relationships with [redacted] authorities, and what was the procedure, the standing. [redacted] told me that he had talked to you people and was going to be, I believe, coming in for a deposition next week, and [redacted] and I have known each other for a long time, social friends, contacts also, but he told me, he said, "Tell the truth. Tell all you can," and I should not hesitate to volunteer to appear before you.

Q Did he say that he had talked to Lawn about this?

A No, because I was asking what DEA's position had been, how we were going to respond to the media because of General Secord's revelation or whatever you want to call it, and Mr. Lawn, I believe, had not had a meeting with the DEA people involved, and I think part of the reasons for that was the fact that there was an ongoing criminal investigation, independent counsel and your thing here, that DEA was hesitant in getting people together, that it should be avoided.

Q In other words, they didn't want [redacted] talking to Mr. Lawn?

A Well, my suggestion was why don't we all get together and give the boss a briefing, since he probably would like to know, having to answer up on the Hill, what we had done in support of this thing.

Apparently that was not accepted by management people. They prefer that we not discuss the case or get involved together.

Q Did you know or ever meet Mr. Hickey?

A No.

Q Do you know whether anyone at the Department of Justice, aside from the Attorney General, was aware of these efforts?

A No, I don't believe so, because the way [redacted] explained it to us, that there was just a handful of people out of the intelligence community who were aware of Buckley's role, and therefore, it was really a case of minimization as far as access.

Q Did they ever mention any names of agents or people who were involved?

A No.

Q Did the name Charlie Allen come up?

TOP SECRET
UNCLASSIFIED

A No.

Q You mentioned referring to your notes. Did you keep notes of any of these activities?

A No, but I would be able to tell you possibly dates I was [redacted] We have a daily activity form where I would report if I was traveling or where I went. If you had to have a specific date, I could probably retrive that for you.

Q That would be very helpful if you could from that log simply put on a separate sheet of paper the relevant dates of the episode which you described to us.

A Sure.

Q Do you know or have you heard of a man named Jack Mossaz [redacted]

A No.

Q What about a Susan Hefty, H-e-f-t-y or H-e-f-t-i?

A No.

Q Did you ever meet General Singlaub at the embassy [redacted]

A Did he come through a debriefing?

Q I am specifically referring to a Fourth of July reception.

A At the ambassador's?

Q Yes. Were you in attendance?

A Yes. Well, let me see. Last year I wasn't in attendance. I was on home leave, but the year before I was in attendance there.

Q Was he there then?

A Not that I can remember.

Q Were you present when the Attorney General was in [redacted]

Q And were you present at -- was it a breakfast meeting?

A Yes, we had a breakfast meeting with him.

Q Can you tell me what that was about?

A Basically, the ambassador had scheduled or had had a dinner the night before for Attorney General Meese with his counterparts, [redacted] officials, and because of the seating availability at that dinner, the staff people who have narcotics, FBI, Treasury, Justice, law enforcement responsibilities, were not invited to that, and the ambassador wanted to give us a chance to meet with him the next morning, so we had a breakfast at her residence.

The legal attache and myself, Treasury attache, political officer and other embassy people who had not had a chance to personally meet with the Attorney General, were there.

[redacted]

Q What do you recall discussing in the company of the

Attorney General?

A Well, he was actually seated up the table from me. In fact, Mr. Lawn [redacted] were down at our end of the table. Also some of Attorney General Meese's staff were there, and we had recently seized [redacted] heroin laboratory [redacted] which was south [redacted] and talking about the Attorney General wanting to view that heroin laboratory and to thank my [redacted] who had been responsible for seizure of the laboratory and the arrest of the three [redacted] heroin chemists that were involved in the whole [redacted] so we were discussing how we could get him down to the lab site.

Q Did he go?

A Yes.

Q Were you with him when he went to the lab site?

A Yes, I was. I actually drove him to the lab site.

Q What did you discuss?

A [redacted]

6

[redacted]

Q Did you discuss at all the activities regarding the hostages held in Lebanon?

A No, that wasn't brought up.

Q When Mr. Lawn was -- I guess he was at that point Deputy Director --

A No, he was the Administrator. He had just been named Administrator that summer.

Q Did you discuss with him any activities to work on or for the hostages?

A No. I wanted to talk to him about it while he was there, but there was never a one-on-one opportunity. He was always surrounded by aides and there was quite a large group of people surrounding him and the Attorney General, so I never did have a chance to talk to him.

Q Did you talk to anybody who came at that time?

A No. Still under initial instructions, until further notified.

Q Did either Mr. Lawn or the Attorney General come [redacted] [redacted] at any other time?

A No. The Attorney General was there that time, and Mr. Lawn had been [redacted] as the Deputy Administrator about two weeks after the office was opened. That would have been in October, September-October of 1984, which was five months before this thing kicked off, and then he came to a [redacted] Conference about one month before the Meese visit, before he accompanied Attorney General Meese [redacted] so three times during that time.

Q So when he was there in November of 1985, did you discuss the hostage efforts?

A No. The same thing. He always had a group of people around him, and [redacted] had asked me if I had had a chance to give the Administrator a briefing on what my participation had been, and I said no, I hadn't, because he was always surrounded by people.

Q Was this something that [redacted] was encouraging or discouraging?

A No. You know, like there was absolutely nothing wrong with discussing this with Mr. Lawn, because he definitely is on board.

Q Did they tell you, either [redacted] or [redacted] that they were briefing Lawn periodically with what they were doing?

A They didn't tell me that, but I believe Mr. Azzam was the one who was actually supposed to be officially a -- well, the one to notify the Washington community.

[redacted] and [redacted] were supposed to be operational and Azzam was supposed to be the one to disseminate the

UNCLASSIFIED TOP SECRET

intelligence as it came in.

Q Do you know a man by the name of [redacted]

A No, I never heard that name.

Q Regarding other activities [redacted] for a minute, on which we can focus our attention, did you attend any briefings regarding aid to the contras?

A It was considered a priority program, not aid to the contras, but U.S. policies should be made known as far as wars and contras [redacted] and it was a point of discussion at numerous staff meetings, not aid, but why the contra cause was important to the United States.

Q And what were you supposed to do about that?

A Well, the ambassador asked all of us in our contacts [redacted] if the topic should rise that we should be well informed on what the Administration's, the Government's stance was, so we could answer intelligently why Nicaragua was so important to the U.S., and asked basically our staff, when given an opportunity, to explain the position.

Q Did you ever have occasion to do that?

A No. Law enforcement people are very conservative types anyway, and they don't get too involved in non-law enforcement issues.

Q Did the ambassador or anyone else outside of the DEA ask you for any information regarding drug running in

UNCLASSIFIED

Nicaragua?

A No.

Q Were there ever any inquiries of which you are aware from the White House or anyplace else or information regarding Sandinistas and their involvement in narcotics?

A No.

[redacted]

Q You were aware, I assume, of the visit by the staff of this committee [redacted] about six weeks ago or so?

A Yes, when I saw you. I didn't know the whole staff was there.

UNCLASSIFIED

Q No, it wasn't the whole staff, just a few of us. Are you aware of any -- I don't know how to ask this question -- but are you aware of any repercussions or any problems that developed as a result of any of the interviews conducted [redacted]

A No.

[redacted]

Q Right. That is a separate thing.

A A separate thing.

Q A separate visit.

A I know there were some written articles about his visit, and there was some discord in the embassy about the propriety of that or whatever, but as far as your -- I know there was a concern about your talking to [redacted] citizens or third-country nationals outside of the embassy, because [redacted] basically have a law that prohibits that.

My [redacted] counterpart who is also -- he is our chief narcotics contact, has handled the weapons aspect of this thing, apparently trying to determine if weapons went through [redacted] and I know he has had problems with his own state department, because apparently they have gotten information to the embassy here in Washington, passed it to [redacted] who gives it to the Department of Justice, and he has just voiced his displeasure at his own foreign officer for not explaining to the embassy that they followed the formal channels that things could probably be done a little bit quicker, I think get back the responses needed.

Q Are you talking about [redacted]

A No, I think it was more the weapons. I think there was an allegation that Mr. McFarlane and company landed [redacted] with one of the airplanes that had weapons on it, [redacted] but I think the lead came initially from the States. They investigated that with no results, and I think they have been trying to respond through the established channel.

I know there has been [redacted] Embassy involvement in trying to help you get your answers, but for your knowledge, the guy who actually handles it, who could help the arms trafficking thing, I think you would prefer if you got it through the formal channel rather -- I don't know how well the State Department and Justice Department get along.

I should have said that off the record.

Q We will refer to it as Country No. 2.

A Right. Don't mention countries, please.

Q I wanted to ask you about a couple of other names, and ask you if you have met or spoken to or heard of any of these people, other than through public media.

In other words, if you only heard about them in the newspaper, I am not concerned about that. If you heard of them through the course of your dealings, then I would want to hear about it.

James Bastian?

A No.

Q Adolfo or Mario Calero?

A No.

Q George Cave?

A No.

Q Duane Clarridge?

A No.

Could I just stop off the record?

(Discussion off the record.)

THE WITNESS: I had heard George Cave was a CIA official.

BY MS. NAUGHTON:

Q This is before in Europe?

A Yes.

Q Had you had any dealings with Mr. Cave when he was in the CIA?

A No.

Q Thomas Clines?

A No.

Q Ambassador Robert Duemling?

A No.

Q Robert Dutton?

A No.

Q [redacted]

A No.

Q [redacted]

A No.

Q David Fischer?

A No.

Q Donald Fraser?

A No.

Q Boyd Firma?

A No.

Q Richard Gadd?

A No.

Q Ellen Garwood?

A No.

Q Roy Godson?

A No.

Q Had you ever met Mr. Godson at the embassy?

A No. Who is he with?

Q He is with basically a lobbying group, International Youth Commission or something like that.

A No.

Q He has been a guest at the embassy on several occasions.

Max Gomez?

A No.

Q Donald Gregg?

A No.

Q With the exception of meeting Mr. Hakim that one time that you described, have you spoken to or seen him since?

A Yes.

Q When was that?

A In November or December of this year. Excuse me, just before Christmas. I returned from a trip [redacted] and there was a note to call Albert, with a telephone number [redacted] and I had forgotten about the association of Albert with the first thing, and I called and initially I didn't know who I was talking to, and then he mentioned that it was the Albert I had met [redacted] the previous May, and he stated that he had a business associate who was in the hospital construction business and wanted this associate to travel with him to the United States, and because he was an Iranian, he needed a visa, and if it would be okay if he told the people [redacted] when he applied that they can call or if he could use me as a reference, that this guy was okay, and I told him I would not be able to help him, and asked him at that time if he was working with any government agencies, and he told me he was still working with the company.

15

BY MR. FLYNN:

Q Are you talking about Hakim working for the company?

A Hakim, Albert Hakim, so I suggested Mr. Albert contact the company, if he had a legitimate reason for having a visa issued for his business associate.

BY MS. NAUGHTON:

Q Did he refer to it as the company?

A The company, which is the name for the CIA, used in a street sense. It is a term that the agency uses, which once again I don't know if he is still involved with those people or not, but he obviously has had contact with the agency, because he is portraying someone who has been around with those people before, not that that is bad.

Q Did you think it was unusual that he would call you for that?

A Yes.

Q Did you tell him that?

A Yes, I told him, because I had heard the name Hakim and I had heard the name Albert. I kept trying to figure out where have I heard that name before, Albert, Hakim, and then, I wonder if this is the Albert, which I had not seen a photograph of until I got back to Washington.

I suspected that that was Richard Secord's business partner.

16

Q . Did his Iranian friend want to go through [redacted] or was he [redacted]

A He said he was [redacted] and was going to go to the [redacted] Consulate that day and apply for the visa.

ldd ends/rc

ldd fls/rb

UNCLASSIFIED

1dd 1/boyum

Q Was this going to be a worker's visa or just a visitor's visa?

A No. He said the guy was involved in hospital construction and he wanted to take him back to the States for business reasons.

Q Did you discuss anything else?

A No.

Q Didn't ask how his money was or anything?

A No. He peaked my interest as a narcotics investigator. I wanted to try to find out who this guy was at this stage. And I asked him, flat out, who you working with?

Q By the way, did you ever have any conversations with Jake or Jay Colburn?

A No.

Q What about any contacts with anyone working for H. Ross Perot?

A No.

Q And that question includes any telephone calls?

A No.

Q Would there have been during the period of -- I guess 1985, summer of 1985 -- would there have been any other DEA agents [redacted] at the time? Were you working in money laundering cases?

A Yes. Well, we have had a stream of DEA people ld 2

through [redacted]

Q Do you know if any of them had any contact with anyone working for Ross Perot?

A No, not to my knowledge.

[redacted]

Q Continuing on with the names: Adnan Khashoggi?

A No.

Q David Kimche?,

A No.

Q Michael Ledeen?

A No.

Q Constantine Menges?

A No.

Q Did you ever meet him at the embassy?

A No. I have only been invited to -- other than the Christmas parties at the embassies, I have been only invited to one function.

Q You say you had not heard of Richard Miller; is that right?

A I had read about Richard Miller in the newspapers.

Q But [redacted] never mentioned him and the principal never mentioned him?

A No.

Q Amiram Nir, N-i-r?

A No.

Q Robert Owen?

A No.

Q Tom Posey?

A No.

Q Nestor Sanchez?

A No.

Q Al Schwimmer?

A No.

Q Theodore Shackley?

A No.

Q Ambassador Lewis Tambs?

A No.

Q I wanted to check a couple of documents.

MS. NAUGHTON: If you folks have any questions, go ahead.

BY MR. FLYNN:

Q Going back to the initial meeting you had [redacted] [redacted] with [redacted] and you met two prospective informants who were familiar with Lebanon, right?

A Yes.

Q And you paid one $5,000?

A That is correct.

Q Is that the only one you paid the $5,000 to in February 1985?

A Yes. That is correct.

A Okay. I have just one more question.

MR. GENZMAN: Let me chime in.

BY MR. GENZMAN:

Q Can you identify them further?

A No. I wouldn't want to get into the source.

Q Pardon me?

A I could, but I would not want to do that. This guy's life is at stake, you know, and for those reasons, I hesitate to do that.

BY MS. NAUGHTON:

Q Do you know a man named [redacted] [redacted]

A Yes, I do.

Q Who is he?

A He is the agent in charge of the DEA office in

[redacted]

Q And was he aware of this effort regarding the hostages?

A At the initial meeting, no, because he was back in the States, but I believe that [redacted] had mentioned that he had met with [redacted] so it was very possible that he was helping or assisting when they were down there.

I am speculating, but it would be highly unlikely that he didn't assist. That is his -- he is the guy, the point man as far as [redacted] informants' knowledge and knowledge of the area.

Q How big is that office, the DEA office [redacted]

A Two people: [redacted] who attended the January meeting, and [redacted]

Q I just want to double-check with you. You said you met the source who said he was the now-famous principal and he had a friend, so we are talking about four different people here; right?

A Yes.

MS. NAUGHTON: All right. Thank you.

BY MR. FLYNN:

Q When was the last time you had any contact with [redacted]

A I talked to [redacted] today.

Q And how about before that?

A Well, [redacted] and I, like, see, we are friends. I am attempting to buy a house in Virginia because I am transferring back next year and I asked [redacted] about the -- and also asked him about this. I talked to [redacted] about it.

Q Can you tell me the substance of your conversations with him relating to the substance of our inquiry here today?

A Basically, that I should be cooperative; it would behoove DEA to get our story told as quickly as possible so we would not be under a cloud for whatever participation we had in this thing; and I asked -- [redacted] had, I believe, asked counsel or someone to represent him during his deposition.

I asked him if he thought that that would be -- if I should have one and he told me he didn't believe that would be necessary. That I should volunteer to testify to whoever was interested and do it as soon as possible.

BY MS. NAUGHTON:

Q Can I follow up on that for a second?

Have you discussed, either with [redacted] or [redacted], Mr. Secord's testimony specifically?

A No.

Q Did you discuss with either of them Secord's reference to them being paid with money donated by Adolfo Calero?

A No.

Q Were you aware of that? Did you hear that part of his testimony?

A I was a little bit confused about that because I turned on the television at the last minute, but he said that he doesn't think that that happened.

Q Secord said that?

A I believe Secord said that. He said it is a surprise to me or there was something that -- I would be surprised or something.

Q Did you discuss that with either [redacted] or [redacted]

A No.

BY MR. KAPLAN:

Q I have just two more questions.

You mentioned earlier that you could only speculate as to how [redacted] was able to resolve travel papers for the principal and get the principal into England.

A I don't believe the principal ever went to England.

Q Okay.

A I believe he stayed [redacted]

Q What I was going to ask you, what I want to ask you is, what is your speculation as to how [redacted] resolved the travel papers for the principal?

A Well, it would involve a sensitive source once again, therefore, I would not at this time wish to speculate.

I would prefer that you ask [redacted] because if it wasn't a sensitive source, I am sure he would tell you.

Q What would that sensitive source have done in order to resolve the travel problems?

A Obtain some kind of a travel document, identity card that you could use to cross the border.

Q Okay.

A To flee.

Q Did you ever hear of or speak to a Mr. Copp?

A No.

MR. KAPLAN: I have no further questions.

BY MR. GENZMAN:

Q Let me follow up on the sources. I may be confused about which sources are which since we are talking about the second and first without names. There were two sources initially you dealt with.

A Yes.

Q One was paid $5,000.

A That is correct.

Q And you would prefer not to identify them further?

A That is correct.

Q Who did you next deal with as sources? Was it the principal?

A The principal, and his associate.

Q Can you identify the associate?

A The same situation, other than being -- I believe he was [redacted] Well, his brother was in [redacted] [redacted] so other than that, I couldn't. I couldn't identify him if I wanted to because I don't know his name.

Q But he was linked with the principal?

A He knew the principal. I don't think that they were business partners, but they knew each other and there was some discussion about common people that they knew [redacted] [redacted]

Q They appeared to be working together?

A I wouldn't say working together, but I would say that they had been brought together at some stage. They got together at some stage concerning getting this guy into [redacted] getting him through [redacted]

I think --

Q Getting who through [redacted]

A There was a problem with [redacted] if I recall correctly, and the principal knew someone [redacted] [redacted] who would ensure that this second guy would have no problems getting through [redacted]

As far as their relationship before that time, that was not discussed in my presence.

Q And I believe you mentioned that this payment from Albert was for expense money for [redacted] and sources?

A Yes.

Q Which sources?

A Sources that were working with [redacted] that I was not aware of. We didn't discuss specifically who these people were.

Q Do you know whether they were the sources you, in fact, dealt with previously or other sources?

A I can't say that.

Q [redacted] never identified them further?

A No.

Q And you dealt with no other sources other than the ones we have discussed?

A That is correct.

MR. GENZMAN: I have nothing further.

BY MS. NAUGHTON:

Q I want to ask you this again because I want to get it absolutely clear.

In the summer of 1985, around July, June or July of 1985, did you have any conversations or any communications of any type with a man named Coburn, C-o-b-u-r-n?

A No.

Q Regarding the payment of a million dollars to be used for money to free the hostages?

A No; definitely not.

Q Is there anything regarding these activities that you think the committee should be aware of that you have not covered or we haven't asked you?

A No, I think I have been going over what could be of use to you and I brought that up before.

Q Other than notes that we discussed, your entries for your activities which you said you would provide a synopsis of, are there any other documents that would reflect your activities?

A Well, the informant payment, source payment voucher would indicate the date and the amount that was paid, and the memorandum which is being forwarded to you; and that is it. That is all I can think of.

Q When [redacted] or [redacted] would call you, would that be on a secure phone?

A No, that is why the conversation was always very general and guarded. We are on our way in. We are on our way out, or hello. Both of them know my family, my children, and my wife, so we have known each other for a long time.

Q Would they call you at home then or at work?

A It would be work or at home. Depending on what time it was. I don't think [redacted] was -- I believe he was only through [redacted] once or twice that I am aware of, and [redacted] maybe three or four times.

MS. NAUGHTON: Okay. That is all I can think of.

Thank you.

MR. FLYNN: Thank you very much.

MS. NAUGHTON: Thank you very much.

THE WITNESS: You are welcome.

[Whereupon, at 4:15 p.m., the taking of the deposition was concluded.]

UNCLASSIFIED

CONFIDENTIAL

U~~RIGINAL~~

HSIC-31/87

Stenographic Transcript of

HEARINGS

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

DEPOSITION OF KENNETH deGRAFFENREID

Friday, June 19, 1987

4154

Partially Declassified/Released on [illegible] 1988 under provisions of E.O. 12356 by [illegible], National Security Council

Washington, D.C.

UNCLASSIFIED

CONFIDENTIAL

A
1 of 1

AR

ALDERSON REPORTING

(202) 628-9300
20 F STREET, N.W.
WASHINGTON, D. C. 20001

UNCLASSIFIED

DEPOSITION OF KENNETH deGRAFFENREID

Friday, June 19, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition
Washington, D. C.

Deposition of KENNETH deGRAFFENREID, called as a witness by counsel for the Select Committee, at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 3:10 p.m., the witness having been duly sworn by ANNE P. HOROWITZ, a Notary Public in and for the District of Columbia, and the testimony being taken down by Stenomask by ANNE P. HOROWITZ and transcribed under her direction.

UNCLASSIFIED

UNCLASSIFIED

APPEARANCES:

On behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition:

MARK BELNICK, ESQ.
VICTORIA NOURSE, ESQ.
TERRY SMILJANICH, ESQ.

On behalf of the House Select Committee to Investigate Covert Arms Transactions with Iran:

KENNETH R. BUCK, ESQ.
CLARK B. HALL

On behalf of the witness:

RAYMOND BANOUN, ESQ.
LAURA R. SINGER, ESQ.
Arent, Fox, Kintner, Plotkin & Kahn
Washington Square
1050 Connecticut Avenue, N.W.
Washington, D. C. 20036-5339

UNCLASSIFIED

UNCLASSIFIED

CONTENTS

	EXAMINATION ON BEHALF OF	
WITNESS	SENATE	HOUSE
Kenneth deGraffenreid		
By Mr. Belnick	4	

EXHIBITS

deGRAFFENREID EXHIBIT NUMBER	FOR IDENTIFICATION
1	25
1A	27

UNCLASSIFIED

PROCEEDINGS

Whereupon,

KENNETH deGRAFFENREID,

called as a witness by counsel on behalf of the Senate Select Committee and having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE

BY MR. BELNICK:

Q Good afternoon. Ken, when did you first begi working for the National Security Council?

A In, I think, February or March of 1981.

Q And you were employed by the NSC until February 1987?

A Yes, sir.

Q And by whom are you employed today?

A The Department of Defense.

Q In what capacity?

A I am the Deputy Director of the Defense Mobilization Systems Planning Activity.

Q When you came to the NSC in 1981 you held the title of Professional Staff Member?

A Yes, sir.

Q What were your duties generally in that capacity?

A Intelligence policy and coordination, staffing

Partially Declassified/Released on [illegible] under provisions of E.O. 12356 by [illegible], National Security Council for the National Security Advisor on intelligence issues.

Q Were those generally your duties throughout your tenure at the NSC?

A Yes, sir.

Q Was your title changed along the way?

A Yes, sir.

Q Sometime in 1982, 1983, as I recall from your interview?

A I think so, yes.

Q And at or about that time what title did you acquire?

A Previous to that the NSC didn't have titles, and then titles were added, and I became, I think it was called, Director of Intelligence Programs. And then some time after that Senior Director of Intelligence Programs. I also was given a commission as a Special Assistant to the President for National Security Affairs.

Q And that was the position that you held until you left in 1987?

A Yes, sir.

Q Who was June Bartlett?

A Mrs. Bartlett was my secretary, beginning, I think, as best as I can recall, late spring or early summer of 1981 until I left.

Q Was one of the areas under the jurisdiction of your office the filing and tracking of so-called NSC Systems documents?

A Yes, sir, in a certain sense.

Q Please explain.

A The Secretariat of the NSC, a position which also evolved over that time, was responsible for the paper systems per se, several control systems, I, II and IV. I think there was a III, but I don't think it was ever used. I think those date from the Carter Administration -- the numbers. I'm not too sure about that.

In any case, why the Secretariat had overall control, because of the compartmentation of intelligence issues, my office, or first the office I worked in and later was the head of, was the repository for System IV documents, which were -- some of these are NSC intelligence documents. So, you know, it was overall under the Executive Secretary, but our office did the work, if you will.

Q Your office maintained the originals of System IV documents, correct?

A We retained copies. I can't say it was always the original copy.

Q But you had originals as well as copies?

A Yes, sir.

Q In what circumstances would you have originals and in what circumstances copies? What did it depend on?

A Well, it would depend on a number of things -- while a document was out for action, for being worked, if you will, it was, wherever it was on the staff. It might be going between staff members; it might be with the National Security Advisor, his deputy; it might be with the Executive Secretary or the President, whatever.

Q And you would have a copy during that period?

A Well, in general terms, yes. We would try to have a copy. Now if another office, let's say, in the NSC originated one, they would perhaps call us for a System IV number, get a number, send the document up the line, and they were supposed to send us a copy of it. Okay? They would usually retain a copy.

When the action was complete on the documents in general terms we would get a copy back. We tried, to the extent that it was possible, to do so, and it wasn't always, to retain a copy with the most information on it.

Now in most cases, as you indicate, that was an original copy, the original one, because that's the one the National Security Advisor, for example, would have seen, checked off, given his further guidance, then on to the President, Chief of Staff, whatever, and we would try to retain that copy. Occasionally the action would occur on a copy, and so if it was obvious that the copy was a more sensible document to keep I think the general practice was to keep the one with the most information.

Q And that became the official file version of the document?

A That was the one that went in our file and, like I say, in most cases we had a copy.

Q Where was your office physically -- in the Old Executive Office Building?

A Yes, sir.

Q What room number?

A It was a suite of rooms, Room 300, 301 and 300-1/2. It was a number of rooms all connected to a central area where the secretaries were.

Q Right around the corner from North's suite, 302, or right by it?

A Well, 300 was there as the intelligence office, dating into the Carter Administration. In the summer or the spring, I think, of '86 Colonel North's office was moved to an office suite next to ours.

Q That was suite 302?

A Yeah, I think that was the number.

Q They moved in May 1986 into that office?

A Right. What was happening is these offices

UNCLASSIFIED

were being secured, special security devices put in them, as they went around the perimeter of the building and they were working their way.

Q So once you got into Suite 302 North's office was next door to yours?

A Yes.

Q Where were the System IV documents filed -- 300, 301 or 301-1/2?

A I'm not sure I know which rooms actually have those.

Q One of those three rooms?

A Had those numbers. They were filed in the various safes all over our office. Let me see. Up until the time that the room became a certified vault and then we rearranged how they were, how they were carried, but they were all inside.

Q The documents were always maintained in safes within one or more rooms of the suite?

A They were maintained, yes, in safes until we became a vault, and then they went into storage bins.

Q And did those bins have locks on them?

A Yes.

Q Were they combination locks?

(Pause.)

You don't recall?

UNCLASSIFIED

A I think they were keys.

Q When did you become SCIFed and become a vault? That is, when did the office become a vault? I had to ask you it that way, though.

A Yes, you are learning this business.

Q I'm ruined.

(Laughter.)

A The summer, late summer, I think, of '86.

Q So from that point forward, as you recall it, the documents would have gone into the locked bins as opposed to the combination safes before your office became in effect a safe?

A I misspoke before. The time we had bins, we had both bins and safes.

Q So straight through the period in 1986 System IV documents were filed in bins and safes?

A Yes.

Q And whether one had a combination lock and the other had a key lock, they were locked -- the bins and the safes?

A When the last person left, yes.

Q Who had access to those bins and safes during 1986?

A Hopefully just the people who worked in the office.

Q Tell me who those people were and if it changed between January and the end of November 1986 try and tell me what the changes were. The question, so that I can be less confusing about it, is tell me the people who worked in your office from January through the end of November 1986.

A Okay. Myself, Vincent Cannistraro.

Q What was his position?

A He was Director of Intelligence Programs.

Q And was he there during that entire period -- January through the end of November, 1986?

A Yes, sir.

Q Who else?

A David Major.

Q What was his position?

A I believe he was Director of Counterintelligence Programs.

Q And there throughout the period?

A Yes, sir. James Radzimski, who was a Senior Navy Chief, enlisted man, who was there until September or October, I believe, of '86.

Q What happened to him at that time?

A He retired from the Navy and left.

Q Normal retirement?

A Yes. He was a clerk who looked after the

System IV and other matters within the office.

Q A reliable man?

A Very.

Q Very reliable?

A Yes.

Q Okay. Honest?

A Yes, sir, to the best of my knowledge.

Q He was replaced by whom?

A On a temporary basis Brian Merchant.

Q And where did he come from?

A I believe Brian is a permanent NSC employee as opposed to a detailee, and he had previously worked in the West Wing offices of the NSC looking after System II. And after Chief Radzimski's departure he filled in until we could get a permanent replacement.

Q Who selected Mr. Merchant to fill in, if you recall, Ken?

A I believe it was a decision reached mutually between the Executive Secretary and myself and the gentleman who had sort of admin responsibilities within the Secretariat, Mr. van Eron.

Q How long did Mr. Merchant fill in for Chief Radzimski?

A Well, he filled in. He was there until the time I left.

UNCLASSIFIED

Q So he was still doing that same job?

A He was still doing that when I left.

Q I believe he is still doing it. It's like the temporary dormitories they built at my college 30 years ago.

(Laughter.)

All right. We have you, Messrs. Cannistraro, Major, Radzimski, and Merchant. Continue with the list of people employed in your office from January through November 1986, please.

A Okay. My secretary. Oh, I'm sorry. In addition, when I say in our suite, we had an office across the hall which was not technically within our suite in which we had an Air Force Colonel, Jerry May, who was part of our office.

Q What was his job?

A He was, I believe, Director of Space Programs.

Q Okay. Continue, please.

A He had access to the office. It's just that we didn't have enough room for him. And then we had three secretaries.

Q June Bartlett.

A Mrs. Bartlett.

Q Who else?

A Mrs. Pat Rawson and Mrs. Kathy Gibbs.

UNCLASSIFIED

UNCLASSIFIED

Q Now is that the complete complement of people who worked in your office in that 1986 period?

A Yes, sir.

Q Did each and every one of them, while they were employed in your office, have access to the bins and safes that held the System IV documents?

A In a technical sense, yes, sir.

Q In what sense did they not have access?

A In the sense that I think many of them did not routinely, you know, avail themselves of that access, but in theory at least they had access, as all of us did.

Q In theory any one of them -- and I'm asking this now, so if I'm wrong please correct me -- in theory, as I understand, any one of the persons you mentioned could have gone to a bin or a file drawer and pulled out a System IV document?

A Yes, sir.

Q Would not have had to ask your permission?

A No, sir.

Q And likewise you had access and you would not have had to ask anyone for those documents?

A I'm sorry, sir?

Q The same was true for you. You could have taken a document out without asking anyone, period; yes?

A Taken a document?

UNCLASSIFIED

Q You could have gone to the files and withdrawn a System IV document, too, without asking anyone, right?

A Yes, sir.

Q In 1985 let me ask you -- if I ask you the same question about 1985, namely who were the people employed in your shop, would we have the same list, aside from Mr. Merchant?

A No, sir.

Q Okay. Who was there in 1985 in addition to yourself? Mr. Radzimski was there?

A Mr. Radzimski was there.

Q All right. Mrs. Bartlett was there?

A Mrs. Bartlett was there.

Q Mrs. Rawson?

A Yes.

Q Mrs. Gibbs?

A No. Well, part of the time. She came, I believe, in 1985, if my dates are correct. She came with Mr. Cannistraro when he joined us.

Q Do you recall approximately when in 1985? It doesn't have to be exact; if you don't, you don't, and we can check that from the record.

A No, I don't. I'm sure it's available. I don't have it.

Q If you don't have it, let's not waste your time thinking about it. How about Mr. Major? Was he there in 1985?

A He came in the summer. He and Colonel May came in the summer of '85, I believe.

Q Okay. Who else was there in 1985 that wasn't there in 1986?

A Well, if I'm right -- and I may be wrong; Mr. Cannistraro may come at the end of '84 -- but he was preceded in the office where he sat by Mrs. Diane Dornan.

Q Another familiar name.

MS. NOURSE: Yes.

BY MR. BELNICK: (Resuming)

Q Mrs. Diane Dornan. And Diane had access?

A Yes. And Colonel May succeeded Colonel Rye, Gilbert Rye -- R-y-e.

Q And Colonel Rye had access to the documents?

A Yes, sir.

Q Any other differences between 1985 and 1986, as you recall -- that is, differences in personnel?

A No, sir. We may have had a secretary sitting in prior to Mrs. Gibbs, but I'm not sure. I can't remember who.

Q Was there a computer in your office that was used to record the existence of System IV documents?

A Yes, sir.

Q That was true in both 1985 and 1986?

A Yes, sir.

Q Who was in charge of that computer and the logging-in function of System IV documents in 1985?

A Mr. Radzimski.

Q And he continued in that position until he left in 1986, correct?

A Yes, sir.

Q Whereupon that job, I guess, was taken over by Brian Merchant?

A Yes, sir.

Q Did anybody other than Mr. Radzimski or Mr. Merchant have access to the computer terminal that was used to log in the System IV documents and by access I don't mean could somebody go over there and hit the keys. I'm assuming -- well, let me not assume. Do you know whether the computer program required a code before one could obtain access to it?

A No, sir. It may have.

Q Did you know how to work it? You can 'fess up.

A No.

Q So you would not have known how to go to the computer and find out if a document was there or wasn't there, right?

A I never tried.

Q Well, did anyone ever tell you how to do it?

A I don't think so.

Q Aside from Mr. Radzimski and his successor, Mr. Merchant, do you know if anyone else knew how to work that computer?

A The secretaries may have known and when either Mr. Radzimski or Mr. Merchant were on leave or away I think Mr. van Eron or one of the other Secretariat personnel who were in the business of keeping track of NSC documents would occasionally sit in for them and they were, I believe, knowledgeable about the operations of the computer.

Q One is Mr. van Eron, right?

A (Nods in the affirmative.)

Q Who else?

A I guess the other names escape me at the moment.

Q Now was there any log kept, so far as you know, that recorded when System IV documents were signed out in 1985 or 1986 -- signed out of your office?

A Well, the purpose, I think, of the routing sheet, the cover sheet, and the computer was to track the onward movement of the documents, so in that sense, yes.

Q Well, let me ask this. Were there requests during 1985 and 1986 at various times for System IV documents from your files?

A Oh, I'm sure there are.

Q Were there, as far as you recall?

A Yes.

Q Who could request those documents from your files, your office files?

A Oh, I think probably the cognizant staff officers involved, any of the senior -- you know, the National Security Advisor and his deputies, people in my office. You know, it was a working system in that sense.

Q Well, for what purpose, so far as you recall or you knew -- and the question really asks you to speak generally -- for what purpose would people ask for System IV documents from your files?

A Well, one reason would be to continue to work on them.

Q What about if it was a completed document?

A Well, I'm speculating, but, you know, further action on a completed document. We were often called upon to go back and retrace histories and what happened in a certain series of events and things like that, so it was not uncommon to have to return -- the purpose of keeping them, of course, was to have a body of documents with which you could continue to work.

Q If someone requested a System IV document from your office files did they have to tell you the purpose for which they were making the request?

A I don't believe so, no, sir.

Q Well, to whom would they direct the request?

A Well, probably normally Mr. Radzimski or Mr. Merchant.

Q And do you know if Mr. Radzimski or, subsequently, Mr. Merchant would ask the purpose of the request?

A No, sir, I don't.

Q Did Mr. Radzimski ever come to you and raise a question about any request that had been made to him for a System IV document?

A Not that I recall specifically, but over time there would occasionally be a debate over whether someone should be permitted access to a particular document.

Q Can you recall any specific instance?

A No, sir. I can give you the flavor of it.

Q Give me the flavor.

A For example, if a highly sensitive piece of intelligence would come in with very restricted knowledge the issue of who should see it, Mr. Radzimski might ask me is it appropriate that so-and-so see this. On extremely sensitive ones we would refer that up the chain. There were times -- and I can't remember a specific, but I know over many years there were times -- when people got wind of something that they wanted to see and debate would ensure and I would have to check with the National Security Advisor or someone as to whether they should be permitted access to that particular information.

Q How did you keep track of a System IV document if somebody borrowed it from your files?

A Well, first of all, you know, I personally generally did not keep track of these things. You know, I left it to my clerks to track these things.

Q Radzimski?

A Yes.

Q And then Merchant?

A Or Merchant.

Q Did you ever give either of them instructions on tracking the documents?

A Well, in general terms, yes. I mean, we had the procedures for, you know, the System IV procedures with regard to the documents.

Q Well, what I mean is, if I could analogize your operation in that respect to a highly sensitive library, did you ever set up procedures like a library does for what happens when a document gets signed out and what happened when it gets signed back in? That's what I'm really asking. Did you personally ever establish any such procedures or check to see that any such procedures existed? That's the question.

A Excuse me for one moment.

Q Sure.

(Pause.)

A Sir, maybe I could explain. We did not conceive of System IV in quite the sense that you are describing it, as a library, in that sense. Our purpose was one of general security in tracking and to provide working documents to people in something of a more secure manner.

In the case of highly compartmented documents that required special handling, to effect that handling, that was the focus of System IV.

Q Well, all right. Precisely. And since you were dealing with documents of the most sensitive nature that required special handling, I'm asking what procedures did you establish or were you aware of that would be employed when someone wanted to take one or more of these highly sensitive documents from your archives to wherever?

A Yes, sir. That's what I'm saying. The system is the system. It is the System IV. That is, there is a routing sheet and there is computer tracking of those things. So periodically the clerk in charge, Mr. Radzimski, would update themselves as to which outstanding -- you know, which documents were outstanding and, for example, periodically they would send out little notices saying our computer shows that you have document number whatever -- you know, Mr. Smith, please let us know where it is and what you are doing with it.

And so it was the system itself that we tracked it by, and we used the computer and we used these routing systems. I understand that there were many, many documents in that and that task of just the computer and doing this (indicating) was more than a full-time job for the individual who was doing it. And so that was our system.

Q Okay. Now that system, I understand, would apply when the document was being initially circulated and worked on. Would the same system apply when the document was completed and somebody came in and said I want to see a document that was written a year ago and I want it from your files, please give it to me? What would happen then?

A I think it was the same system. For example, let's say there was a National Intelligence Estimate that came in in 1982, was circulated, went into whatever file it would go into, and then in 1983 somebody said, gee, we need to take a look at what they said last year, they would hit the computer, look for it, find out where it was. It might still be out with someone or it might be put into -- you know, it might be stored some other place. And then, you know, they would go through the same process. It would be signed out to them.

Q Put on a routing slip?

A And then it would be on -- you know, the computer would show that in '83 it was reopened and sent out to someone else.

Q Are you sure that that system was being used in the way you describe it for completed documents in 1985 and 1986?

A To the best of my knowledge, sir, but I can't guarantee that it was used in all cases.

Q It would surprise you to find out that such a system wasn't being used, if that were the fact?

A It would surprise me to learn that the system wasn't being used. It wouldn't surprise me if, you know, there were occasions when the work load got ahead of people.

Q Let's say I told you -- which I will tell you -- that the White House has advised us that there was no System IV signout log of any kind during 1985 and 1986.

Would that surprise you?

A Yes, sir, that would surprise me.

Q And let's say that I told you or that we had been told by another witness that until after November 1986 and the events which we will talk about he was unaware of any system on or off the computer to do the kind of tracking that you mentioned with respect to completed documents. That would surprise you, too?

A Try that one more time.

Q All right. Would it surprise you if somebody who was familiar with this office and who worked on the computer, would it surprise you to learn that such a person has maintained that there was no formal tracking of documents that went out of your files until after November 1986? Would that surprise you?

A Yes, sir, it would surprise me.

Q Would you kindly mark this first item deGraffenreid 1 for identification?

(The document referred to was marked deGraffenreid Exhibit Number 1 for identification.)

Is there something you wanted to add?

A I don't have access to this currently, but I believe the National Security Council administrative manual or staff manual has the published system for

UNCLASSIFIED

procedures and I'm relying on my memory --

Q Sure, I understand.

A But I believe they describe the way that this system is to be used to track, in the case of the routing slip here, who sees this. I mean, it isn't just when it's completed because oftentimes, for example, a document would be included in System IV that required, by name, signatures of who had seen it -- in other words, a special access program where they had to sign this.

Sometimes that wasn't -- I mean, there were various levels of sensitivity within System IV. But in general terms the procedure was for people who had access to these documents to sign them. I believe that is also true for System II, which has a rather lengthy explanation that went around at the time System II was established, and in one of the NSDDs that tightened up the control of NSC documents I believe this is also spelled out.

Q But was that procedure, the procedures you have just described, aren't those procedures that are followed when a document is being circulated among people who are listed as addressees or other recipients of the document when it first goes out?

A Well, they are to be used. My understanding is they are to be used. I don't make that distinction.

UNCLASSIFIED

In other words, first going out and second going out is not -- because you know, sometimes System IV documents could be created anywhere on the NSC staff and begin routing, so the procedures were to be applied by the NSC staff member when he or she created the document or when they used the System IV system.

Q Understood. But was the procedure to be followed, as you understand it, if somebody came to your office a year after a document had been stowed away and completed and said I want that document?

A Yes, sir. That is my understanding.

Q That is your understanding. Fine. Okay, fair enough.

Would you mark this document, please, deGraffenreid 1A?

(The document referred to was marked deGraffenreid Exhibit Number 1A for identification.)

Ken, in November 1986 do you recall, on or about November 21, 1986, Oliver North making a request to you for certain System IV documents from your files?

A I have a hazy recollection of him making that request. I am not sure that that is the date when he made that request, and I have been trying to over time, to recollect the sequence of these events, and I recall some things and I have struggled with others, but I do recall a request, some kind of a request, that Colonel North wanted to see some documents.

Q November 21 was a Friday. It was the Friday before the weekend that the Justice Department people read documents in Suite 302. It was the Friday before the Tuesday on which the Attorney General made his announcement and Colonel North was dismissed. With those facts in mind, when does your recollection place the request you received from Colonel North for certain documents?

If you want to explain what the current state of your recollection is as to the whole event, that would be fine.

A Okay. To the best of my recollection Colonel North asked me -- and I don't have a firm mental picture of that conversation, but I believe that it took place some time prior to November 21. I am tempted to say a week or two. That is the best of my recollection.

Q A week or two earlier?

A Prior to that, yes, sir. And the exact circumstances I have tried, as I say, I have tried to straighten out in my mind, having been, you know, asked this several times here.

I believe that Colonel North asked me about, you know, that he needed some documents. I don't believe that he gave me a particular reason why. He may. What I don't have clear in my mind is whether he asked me that and then gave me the numbers of those documents, or whether some time elapsed between those two things. I have a vague impression that there was some time between them, but I can't be sure of that. I've tried, and I can't.

Some time after his initial -- if there was an initial or if it was all at once -- time I, in a conversation with Admiral Poindexter, I, as part of a different conversation, just mentioned to him that Ollie needed some documents or was working on some documents and my office was providing them. And then -- and again I don't have this date very clear in my mind, but I don't think it was, you know, that close to November 21 -- I believe I either handed Mr. Merchant or left Mr. Merchant a note and asked him to provide the documents to Ollie.

I presume that that was done.

Q Anything else that you recall about this event?

A Let me elaborate a little more on some details that I tried to drag out of my brain here. Colonel North's original conversation with me may have been on the secure phone. I have some kind of recollection of that. That's why I think the two events were at least interspersed. He may have called and said I need to look at some documents and then he may have shown up later and handed me a slip. I don't actually remember that, having been shown this slip a number of times.

Q Let me just for the record place before you deGraffenreid Exhibit 1. Is that the handwritten slip to which you were just referring, or a copy of it? That is the handwritten slip which you said you had been shown during this investigation a few times.

A Yes, sir. That is the one I have been shown during the investigation.

Q Looking at it again now do you recall whether Colonel North gave you or showed you that slip or a copy of that slip back in November 1986 when he requested certain System IV documents from you?

A I believe he gave me a slip of paper with numbers on it, yes, sir, and I believe its size was like this (indicating).

Q Like the original of what deGraffenreid 1 was?

A Yes.

Q Without accounting for the extra paper from the Xerox machine?

A Yes. It was about a 3 by 5. You know, I don't remember the numbers, but yes. What I don't remember for you and I'm trying to make the distinction is whether that was all in one event or whether he first said I need to look at some documents and then later gave that to me. That may not be important.

He then gave it to me and, to the best of my recollection, at some point following that I, as I say, mentioned to Admiral Poindexter in the conversation, in a different context, just having another conversation with Admiral Poindexter, and told him that Ollie had asked for some documents to look at. I believe he said okay or something. I was just telling him this.

Then I later -- it seems to me the thing sat around on my desk, oh, for some time. I didn't race over and do this. It may have sat around on my desk and then I think at some point I either told or provided that to Mr. Merchant and asked him to make sure that Colonel North saw the documents.

Q If there was a passage of time between North's call to you and his giving you the numbers and then your giving it to Merchant, how much time altogether are we talking about -- a few weeks?

A No, sir. I don't think it was that. I just think --

Q It could have been days or weeks or something like that?

A I don't think it was weeks. It was something shorter.

Q So we're not talking about a long passage of time altogether between the original request and your turning it over to Mr. Merchant and saying do it; right?

A No, sir. To the best of my recollection. But, as I say, these things are a little -- the exact sequence of them isn't clear to me.

Q You said that you presumed that North received the documents from Merchant. Why do you say presume as opposed to -- well, do you know whether they were received or not, or given to North?

A I don't know firsthand, no, sir.

Q Well, did Mr. Merchant ever advise you that he would comply with your instruction?

A I don't know if he specifically advised me that he had complied with it.

Q Did anyone tell you whether the instruction had been carried out?

A I don't remember a specific time when that happened. Let me add one thing. Subsequently, later in December, when the Senate Intelligence Committee was looking into their investigation, I was, in response to requests from the White House Counsel's office, empting to assemble documents that would be provided

UNCLASSIFIED

to the investigation. And actually Mr. Merchant was doing this and he was asking me to initial the computer cover sheets with which he was searching the computer using key words.

And at the time that he was bringing documents to me for my little shop he would bring documents that were clearly responsive, he thought, and I would initial those really without reading them. He would also bring documents that required a judgment call, and those are the ones I would look at. At the time, one of the nights, late, 9:30 or 10:00, when we were still there doing these stacks of documents, he brought me a stack clipped together in various ways and happened to mention to me as we just went through them -- he would lay them in front of me and say this one goes, and I would initial it -- he said, here is a package of the documents that he had earlier provided Ollie.

So in that sense I guess I learned at that time that the documents had in fact been provided.

Q Did you ask Mr. Merchant on that occasion what he was talking about when he said these are the documents I provided Ollie, or did you understand him to be referring to this November request?

A I think I understood that. I think I understood that.

UNCLASSIFIED

Q Did you ask Mr. Merchant any questions about his transmittal of these documents to North, such as whether he knew why North had requested them, anything like that?

A No, sir. At that point I was, you know, sending them to the White House counsel to be sent up to the Hill.

Q You will notice on Exhibit 1, as it appears before you, there is a reference 19, and then a mark that looks like it could be an abbreviation for January, and then it says Yediot Aharonot, P.7. Do you remember whether you saw that in handwriting on the note North gave you in November '86?

A No, sir, I don't.

Q Does the note mean anything to you?

A No, sir, it doesn't.

Q Can you recognize the handwriting of the note, the part that I just read into the record -- Yediot Aharonot, P. 7?

A No, sir. I do not.

Q Can you recognize any of the handwriting on deGraffenreid Exhibit 1?

A Not just from that, no, sir.

Q Let me show you another document which you have also seen before, which we have marked as Exhibit

1A, which has the note that is marked as Exhibit 1, plus some other material written at the foot of it. Aside from the investigation during which you have been shown this document had you ever seen the document before?

A I don't believe so, sir.

Q Do you recognize Mr. Merchant's handwriting?

A I recognize his name, but I don't, you know, I --

Q Do you recognize June Bartlett's handwriting on Exhibit 1A?

A Yes, sir, I do.

Q And that is her handwriting where it says: Signed out to Ollie North, J.B.?

A To the best of my knowledge, yes, sir.

Q Do you know anything about this note? Specifically, do you know how it was that Mrs. Bartlett received this note or got involved with it?

A No, sir, I don't know specifically.

Q Well, do you know generally?

A She may have been the person doing this action.

Q Well, she was your secretary.

A Right.

Q Did you ask her to do it?

A Well, as I said earlier, I believe I asked

UNCLASSIFIED

Brian Merchant. Perhaps I asked -- you know, it's conceivable I could have asked her.

Q You don't recall, though, whether you asked her or whether you asked Brian?

A No, sir. In my mind there wouldn't have been a real distinction between the two. In other words, you know, I would equally ask June or Brian to do a task like this. You know, I mean, given the work load and all that we had to do, it was sort of first come/first served.

Q Did you read these documents at the time, namely the documents that are listed on Exhibit 1 and 1A?

A At which time, sir?

Q In November 1986, when they were requested by North?

A No, sir.

Q Now once again do you recall whether North told you the reason or any reason why he wanted to see these documents in November 1986?

A I've tried to reconstruct that conversation, but I just can't, sir. No, I don't recall whether he said anything or not. As I say, I believe he asked to look at them.

Q Now we've shown you before the deposition, I believe, copies of the documents that are listed -- off the record.

UNCLASSIFIED

(A discussion was held off the record.)

Let me hand you document 402003. That's a System IV number. I'm not going to mark it as an exhibit. It's a February 7, 1985 memo from North to McFarlane titled Subject: Nicaraguan Arms Shipment, bears our numbers N-6917 through N-6921.

Looking at that document, Mr. deGraffenreid, do you recall reading that document at any time around November 1986?

(Pause.)

A November '86?

Q Yes.

A No, sir, I don't.

Q Do you recall reading it around February, any time in 1985?

A Can I take a moment to look at it and read it here?

Q Certainly.

(Pause.)

Now regardless of whether you saw the handwritten note from Admiral Poindexter, do you recall seeing that memo itself any time during 1985?

A No, sir, I don't believe so.

Q Let me show you another document, which bears the System IV number 400215. It is a memo dated March 5, 1985, to McFarlane from North. The subject is [redacted] Aid to the Nicaraguan Resistance. It bears our numbers N-7184 through 7199. And I have the same question for you about this memo, Mr. deGraffenreid, namely do you recall whether you saw it any time during 1985.

(Pause.)

A I don't recall seeing this, sir.

Q Let me ask you whether you recall that in the summer of 1985 there was a Congressional inquiry under way into allegations that Colonel North's actions relating to the contras had violated Congressional restrictions on U.S. aid to the contras. Do you recall there was an inquiry into that matter in the summer of 1985?

A Yes, sir. I don't have that date, that time, fixed in my mind. I remember there was an inquiry, yes, sir.

Q There were letters from Congressmen and Senators asking about those sorts of allegations, right?

A The allegations that --

Q Against Colonel North relating to his activities with respect to the contras?

A Yes, sir.

Q And I will represent to you that the inquiry that I am talking about was in the late summer of 1985,

August-early September; okay?

A Yes, sir.

Q Now do you recall that documents were assembled, System IV documents, memos from North to McFarlane were assembled for Mr. McFarlane, who was then the National Security Advisor, in connection with that Congressional inquiry into North's activities?

A Yes, sir. I have a recollection that material and documents and other material was prepared for that.

Q Did you participate in preparing such material or in gathering any documents at that time for that purpose?

A I don't believe I had any. I don't believe so, sir. In other words, I don't think I was the person gathering documents and doing that. It was not -- if you want my action, I --

Q Did you instruct anyone to do it?

A I don't recall. In other words, it's conceivable that I was asked, you know, tell somebody to do something, but I don't have a direct recollection of that. But I do have the recollection that, you know, documents were being assembled there.

Q Did you read any of the documents that were assembled at that time?

A I don't know.

Q Did anyone tell you at that time that there were documents in the files that could be embarrassing or that could cause a problem for Colonel North?

A Not in that sense.

Q Well, in what sense?

A I recall -- and this is vague -- that there was concern from the point of view that the White House had documents which were privileged and should not be going to the Hill, and I mean I recall, you know, hearing discussions of that issue, not in the sense of being embarrassing to a particular individual or even embarrassing, but that these were documents or there were documents and material that was properly within the thing.

I'm not an attorney, so I don't know what that --

Q You heard discussions of whether Executive privilege applied?

A Yes, sir.

Q Who did you hear having such discussions?

A I don't have a direct -- I mean, I cannot place a particular conversation. It's a belief. You know, I may have heard it in overhearing discussions between Admiral Poindexter or Mr. McFarlane with the Director of Central Intelligence or maybe a more general discussion at a morning staff meeting. I cannot place the thing.

I have that impression, though, and when you asked that question I mean I remember there were these inquiries. I remember that people were scurrying about trying to prepare for this response, but I just -- you know, without access to documents and the time, I just don't have particulars for you, sir.

Q Aside from discussions of privilege, however, do you recall whether anyone told you that the substance of any of the documents could prove embarrassing or harmful to Colonel North or to the Administration, not because of Executive privilege but because of the content, the substance of the documents themselves?

(Pause.)

A Sir, again I wish I could be more precise here. I mean, I recall that there was concern, if you will, that the opponents of, you know, aid to the freedom fighters were not be given privy to whatever it was was our policies and plans and that sort of stuff -- not in the context of illegalities or some other thing, no, sir.

Q What I'm asking is that these are documents that are going to show Colonel North doing things that he shouldn't be doing.

A No, sir, not in that sense, but in the sense of not wanting your political opponents, you know -- I don't remember a specific conversation, but I remember, in addition to the privilege, that that was the kind of, you know, general discussion I overheard. I was not a principal in that issue.

Q Was it the view in the discussions you overheard that the investigators on Capitol Hill were political opponents and ought to be treated that way?

A Yes, sir, I think so.

Q And who did you hear express that view?

A I can't give you a particular conversation. I think that was a shared view.

Q Shared among whom? Give me the people. Was it your view?

A Which part?

Q That the investigators were political opponents and were to be treated that way?

A Well, I don't know about the second part. I think to the extent my view was not one that carried the day. I mean, my view wasn't sought on this. My view was not sought. But I did, yeah, I believed that people who were doing this were politically on the opposite side of the issue, yes, sir. But, you know, when you say "treated like that", I'm not sure that I would attach that kind of meaning to it.

Q Did anyone attach that kind of meaning to it, so far as you know?

A Sir, I don't know.

Q Let me ask you specifically do you remember Commander Paul Thompson telling you in 1985 we've got some problem documents here?

A No, sir, I don't.

Q I want you to look again at that note, Exhibit 1 and give it a hard look and tell me whether you recall if you saw that document, Exhibit 1, for the first time not in 1986 but some time in the early fall or late summer of 1985.

A In other words, in connection with this?

Q Un-huh, around the time of the Congressional inquiry. If you don't recall it, you don't recall it. I'm asking you whether you have any recollection of seeing that list, deGraffenreid Exhibit 1, or a functionally equivalent list, a list of those numbers, in late August or early September 1985.

(Pause.)

A I don't want to say to you that I've never --

Q You can only give us your best recollection, Ken.

A I may well have seen it. You know, I saw a lot of lists in six years of documents. I don't right at this moment recall seeing this list or one of those numbers.

Q Well, let me see if I can refresh your recollection. Do you recall in the same late August-early September 1985 time period, or thereabouts, going to Mr. Radzimski with a list of numbers of System IV documents that were the same numbers as those which appear on Exhibit 1 and asking Mr. Radzimski to pull those documents for you?

Why don't we take a break for five minutes?

(A brief recess was taken.)

MR. BELNICK: Would you read back the pending question, please?

THE REPORTER: Let me see if I can refresh your recollection. Do you recall in the same late August-early September 1985 time period, or thereabouts, going to Mr. Radzimski with a list of numbers of System IV documents that were the same numbers as those which appear on Exhibit 1 and asking Mr. Radzimski to pull those documents for you?

THE WITNESS: No, sir, I don't at the present time.

BY MR. BELNICK: (Resuming)

Q Do you recall requesting any documents from Mr. Radzimski in the same time period that related to the

North inquiry?

A No, sir, not at the present time. I don't have a recollection of it. It is, of course, conceivable, you know, that Mr. McFarlane or Admiral Poindexter would have asked me to get documents and send them over to them. That is entirely possible. It's not probably something I would have committed to memory. I certainly don't remember these documents, at least the ones you showed me. I don't remember having read those.

Q Well, those are two of the documents that appear on the list. For example --

A For example, the two that appeared on the list that you showed me I don't recall reading those in November and I don't recall reading them back in the time frame you were talking about.

Q Do you recall asking Mr. Radzimski for documents in the fall of the same time period, 1985, and having to go back to him on more than one occasion for those documents because he didn't give them to you?

A No, sir, not at the present time.

Q All right. Let me jump ahead now, back to November of 1986. You told us a little bit earlier that at some point after North --

A Could I say --

Q Please.

UNCLASSIFIED

A I do want to make clear that while I don't remember it, you know, oftentimes there was a short fuse, things where I would come back from a meeting with the Admiral or Mr. McFarlane and I'd come racing in and, you know, say, hey, we've got to get together something for across the street. That was not an uncommon experience, but I don't have recollection of this and, given the subject matter, I mean, I think --

Q You think you would recall it?

A I think I would, since I was not knowledgeable of those events.

Q I can only get today your recollections.

A Yes, sir.

Q I want to go back again, then, to November of 1986 and the events involving North's request to you for various System IV documents. You said that after North requested those documents of you you mentioned the request to Admiral Poindexter, right?

A Yes, sir.

Q Why did you mention it to Admiral Poindexter?

A It was in the context, as I indicated, of a discussion in the evening, an evening discussion. It was hard to see Admiral Poindexter on those days. When I had the opportunity I usually had a small agenda of things to discuss, a backlog of issues in my mind, to discuss with

UNCLASSIFIED

him and he usually had one for me.

There was some quiet time in the evening and we were going through this desiderata of our two little mental agendas of things we needed to discuss with each other. This was in the period following the revelations about U.S.-Iranian -- the whole Iran arms-for-hostages business. You were there the last time I talked. I was not part of that, but I was deeply concerned about the political damage being done to the United States and to the President, in my opinion.

And I expressed that after going through whatever my little agenda was with Admiral Poindexter. I expressed that feeling to him, that I was concerned about this, about the damage being done. He and I mutually talked about how we felt that certain Cabinet officers were not sticking by the President and I said something to the effect that, you know, how can I be of help to you, John. And he said, you know, you're not part of this and you're doing a good job and said some nice thing to me. He said, I appreciate your expression of friendship.

I said I thought it was kind of unfortunate what was happening to people -- I mean, you know, the President and him being abandoned, I thought, by others. I had my own reservations about the policy, but I did not express them to him -- simply, you know, my sympathy with the plight that he was in. I asked him how, you know, in kind of a knowing -- well, the right word -- over the years he and I had expressed to each other sometimes surprise and amazement at sometimes the exuberance of Colonel North. He was sometimes a difficult person to deal with.

I said, how is Ollie on all of this in the sense of, you know, since I wasn't in I didn't know what was going on. But, in other words, my question to him meant is Ollie off the reservation here on this Iranian thing, and he said, no, no. He said Ollie's fine. It was in that context then I said well, Ollie's asked to look at some documents and I think John said okay or fine, or nodded or something.

You know, it was in the context of trying to be helpful to whatever plight, political plight John was in, or Admiral Poindexter was in.

Q Well, how did you think it could be helpful to his plight to tell him that Ollie asked to look at certain documents?

A I had not been having much contact with Ollie and I didn't know what Ollie was doing, and I sort of offered, proffered that to Admiral Poindexter.

Q You were suspicious about Ollie's request?

A Truthfully, no, sir, I wasn't.

Q Well, then how would it help Admiral Poindexter to know that Ollie had asked to look at certain documents?

A I think I was trying to point out -- I was trying to be helpful. In other words, I had no part in this, but I just offered -- well, you know, I'm trying to help out where I can, and John didn't seem to want -- you know, I offered. I said, how can I be of help. He said, you're being of help just by doing a good job, et cetera, et cetera. I mean, I just threw that in. That's why I said it was in a different context.

I was not -- you know, in hindsight I know that sounds amazing, but I was not at the time suspicious.

Q I'm not asking you whether it's amazing. I'm just trying, and I don't mean to be obtuse, to understand what you were trying to convey to Admiral Poindexter by telling him that North had asked to look at certain documents. Did you know what the documents were the North wanted to see?

A No, sir.

Q Had North ever asked you to look at System IV documents prior to this request?

A I don't think he personally ever asked me to do so.

Q Had his secretary ever asked you for documents? You can answer.

A No, sir, I don't recall it. I mean, she may have.

(Pause.)

The point is I didn't know what documents they were, and, you know, I'd been told to stay out of Ollie's, you know, activities, and I basically was demonstrating to John, I think, that, you know, we were being helpful to whatever Ollie was doing. This was in the period when, you know, the Administration was trying to prepare its response to the critics that were forming about its arms sale policy.

Q Do you remember going to Admiral Poindexter some time after the Hasenfus shootdown and telling him that you were aware of documents in the files that could be embarrassing to the Administration relating to Central America and, having said that, do you recall further that Admiral Poindexter told you go discuss it with North?

A No, sir. I don't recall that in the reference to the Hasenfus thing in particular.

Q Take out Hasenfus. Do you recall going to Admiral Poindexter at any time, any time, and saying to him that there were documents in the files that could be embarrassing to the Administration or to North that involved North's activities vis-a-vis Central America? Do you recall saying that to Admiral Poindexter in words or in substance, and do you recall Admiral Poindexter telling you in response that you ought to discuss that matter with Colonel North?

A No, sir, I don't recall that.

Q Was it known to you as of late 1985 -- let me start that again.

Did you know or believe as of late 1985 that there were System IV documents, memos, involving North and his activities in Central America that could be damaging or harmful or embarrassing if publicly disclosed?

A Sir, I was not generally -- let me give you a kind of more comprehensive answer. I did not, as a rule, read documents by Colonel North in the System IV file. It was not my practice to go over those things or to make myself witting of what he was doing by reading his documents when they were in System IV. I would say to you that I had a general knowledge that, you know, the documents in System IV, many documents in System IV, if you will, would be politically embarrassing to the Administration on any number of subjects because of the candor and the fact that they were written intimately back and forth.

So as a general rule I would -- you know, System IV documents, if played out in public, would be embarrassing. I mean, I would think that of most documents. And, you know, there was great opposition to the Administration's policies in Central America, so they would be particularly embarrassing. Yes, sir, I would say that.

Q Did you believe there were any documents as of late 1985 that could have raised questions about the legality of Colonel North's conduct?

A No, sir, I did not believe that.

Q Did you believe that at any time during 1986?

A No, sir. But, you know, on the other hand I could not say to you categorically that my knowledge of System IV was such that I could make that statement. I can't make that statement today, and I could not have made it then, that there were not documents about, you know, that. I did not have a comprehensive knowledge of the System IV documents, and I certainly did not have a knowledge of Colonel North's activities.

Q Did you learn at any time in November 1986 that Colonel North was having System IV documents altered in his office, completed System IV documents altered?

A No, sir.

Q When was the first time you heard of such an event, if you've heard? When was the first time you've heard that such an event took place?

A I mean, I've heard references in the paper and on television.

Q But aside from that?

A No, sir. Nobody's -- well, the first time the FBI came to interview me and asked me about and showed me this exhibit 1, 1A, but they referred to it at the end of the interview. I think I said what's all this about? And they said, as you may have guessed, there's been some allegations of alterations of documents.

Q But you don't know anything about document alteration?

A No, sir.

Q What about document shredding? Were you aware that North and/or any of his suite-mates in 302 were shredding documents during November 1986?

A No, sir, not in the sense you are asking. You knew, I can't say that I don't know. They had a shredding machine in their office and they did their own little thing in there. But no, sir, I had no specific knowledge or any general knowledge or any other kind of knowledge that they were shredding documents.

Q Ken, in November 1986 did Colonel North ask

UNCLASSIFIED

you in words or in substance to help him get rid of some problem documents in the files or to alter any of those documents?

A No, sir.

Q Did you volunteer to help Colonel North with something like that?

A No, sir.

Q Did you tell Admiral Poindexter or suggest to Admiral Poindexter that you could be helpful with that kind of activity?

A No, sir.

MR. BELNICK: What I'd like to do, then, is stop here for today and pick a time when we can continue, if that's okay. Thank you.

(Whereupon, at 4:45 p.m., the taking of the instant deposition recessed, to reconvene at a future date.)

____

Signature of the Witness

Subscribed and sworn to before me this ________ day of

____________________, 1987.

____

Notary Public

My Commission Expires: ____________________

UNCLASSIFIED

UNCLASSIFIED

CERTIFICATE OF NOTARY PUBLIC

I, ANNE PELLECCHIA HOROWITZ, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony was taken by me by Stenomask and thereafter reduced to typewriting under my direction; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and further, that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Notary Public in and for the
State of Maryland.

My Commission expires ______________.

UNCLASSIFIED

21 NOV 86

UNCLASSIFIED Ex I — referred N 16346
F-6/19/87
Upkowitz.

THE WHITE HOUSE
WASHINGTON

IV

400246
40[illegible]2007
400453
400215 * cover
401214*
402003 19 JAN YEDIOT AHRONOT P7

Declassified/Released on 29 JAN 88
under provisions of E.O. 12356
K [illegible] National Security Council

5223

UNCLASSIFIED

Exh. 11-2e,
F-6/19/87
gehnowsky

UNCLASSIFIED

16346 A

THE WHITE HOUSE
WASHINGTON

IV

400246 —
402007 —
400453 —
400215 * cover —
401214 *
402003
19 Jan
~~460107~~
AHROWOT
P.7

Declassified/Released on 7 May 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

NOV 21 1986

All originals attached except 401214. According to computer, all cys of 401214 were destroyed. Please return these originals to me when you have finished.

Brian

Document sent to Ollie North
B

NOV 25 1986

EXHIBIT
BH-1A

551

STENOGRAPHIC MINUTES
Unrevised and Unedited
Not for Quotation or
Duplication

UNCLASSIFIED

UNCLASSIFIED

Committee Hearings

of the

U.S. HOUSE OF REPRESENTATIVES

4125

UNCLASSIFIED

Partially Declassified/Released on 4 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

OFFICE OF THE CLERK
Office of Official Reporters

COPY NO. 2A OF 3 COPIES

McGINN

CAS

UNCLASSIFIED

DEPOSITION OF HUGO DE LA TORRE

Thursday, September 17, 1987

House of Representatives
Select Committee on Investigate
Covert Arms Transactions with Iran,
Washington, D.C.

The select committee met, pursuant to call at 3:30 p.m., in Room B-352, Rayburn House Office Building, Pat Carome, (Staff Counsel to the House Select Committee] presiding.

Present: On behalf of the House Select Committee: Pat Carome, Staff Counsel; Ken Buck, Assistant Minority Counsel; and Bob Birmingham, Investigator.

On behalf of the Senate Select Committee: Paul Barbadoro, Deputy Chief Counsel.

Partially Declassified/Released on 4 Jun 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED

UNCLASSIFIED

Whereupon,

HUGO DELA TORRE

having been first duly sworn, was called as a witness herein, and was examined and testified as follows:

MR. CAROME: Mr. Dela Torre, for the record, my name is Pat Carome. I am a staff attorney with the House Select Committee investiging the Iran-contra affair.

Also present is Ken Buck, another attorney on our staff, and Bob Birmingham, an investigator on our staff.

We are taking this deposition pursuant to the rules and resolutions which set up our committee and copies of each of those have been prepared for you. Feel free to look at those if you wish.

I am going to ask you a number of questions. You will be answering under oath. If you don't understand any question that I ask, please let me know and we will clarify the question for you.

EXAMINATION ON BEHALF OF HOUSE SELECT COMMITTEE

BY MR. CAROME:

Q Let me begin by asking you to state your name for the record.

A Hugo Dela Torre.

Q What is your present home address?

[redacted]

Q Are you employed currently?

UNCLASSIFIED

UNCLASSIFIED

A Yes, I am.

Q Who is your current employer?

A Crystal Water.

Q Where is that located?

A 1919 Northwest 19th Street in Fort Lauderdale.

Q How long have you been employed by Crystal Water?

A About seven months- seven or eight months.

Q Who was your previous employer?

A Gosa, Incorporated. G-o-s-a, Incorporated.

Q Going back to Crystal Water, what do you do for Crystal Water?

A I sell coolers in the houses and business.

Q Water coolers?

A Water coolers.

Q What did you do for Gosa?

A Sell crystal ceramics and container vases for the florists and the gift shops.

Q When did you go to work for Gosa? When did you begin working for Gosa?

A December 1985 approximately.

Q Who were you employed by or with prior to working for Gosa?

A With Sur International.

Q Is that Sur International, Incorporated?

A Incorporated.

UNCLASSIFIED

Q That is two words; is that right? Sur International

A Two words.

Q What was your position with Sur International?

A President.

Q Am I correct that you worked for or with Sur International since the time it was created; is that right?

A What?

Q Let's go off the record for a second.

A Yes. I started Sur International.

Q What time was that that you started with them?

A About January 1985.

Q When was Sur International created?

A January 1985.

Q And were you president of Sur International throughout the entire period that the company existed?

A No. Just I was working with Sur International between January and September, October, 1985.

Q A period of about nine or ten months; is that right?

A Yes, yes.

Q And you were president of Sur for that whole period?

Let me restate the question. Were you president of Sur International during the period January 1985 to October 1985?

A Can you translate?

(Discussion off the record in Spanish.)

BY MR. CAROME:

Q Did someone else become president after you left?

A The company changed the position every six months but the company don't work for a long time. That is the reason that was depressing for the time I was working. But I left the company. I suppose the company finished when I left. That is I think.

Q And you left the company in October of 1985?

A Yes.

Q Who else was associated with Sur International?

A Mr. Jacobo Bolivar and Hernan Duran.

Q What was the position which Mr. Bolivar had with Sur International?

A Vice President.

Q Do you have an address that Mr. Bolivar lives at?

A Yes. He live in [redacted]

Q In what city?

A In [redacted]

Q And do you have an address at which Mr. Duran resides or resided?

A Yes. [redacted]

Q What was Mr. Duran's position?

UNCLASSIFIED

A Vice President, too.

Q Were you the only three people associated with Sur International or were there others?

A Just three people started with the company.

Q What business was this company in?

A Aviation consultant.

Q What type of consulting work was intended for this business to do?

A To advise the guys who need to buy airplanes or buy parts of airplanes or the business, airline business.

Q Was this an airline chartering business?

A No, no. An airline carrying business. It was just for buy and sell business and selling planes or to applicate the only FAA reg and the guys to buy airplanes and all the information they need to get the current company in that business.

Q You met Mr. Bolivar and Mr. Duran when you were working in the aviation business in Colombia; is that right?

A I met Mr. Duran in Colombia in aviation and Mr. Bolivar in Los Angeles, 1980. I met Mr. Bolivar in Los Angeles working in the aviation business with Aspen Airlines.

Q How do you spell that?

A A-s-p-e-n Airlines.

And with Mr. Duran in Miami when I moved to that

UNCLASSIFIED

city.

Q Was Mr. Duran involved with any other airline companies at the time he was involved in Sur International?

A Mr. Duran was working with another company, small company, aviation, but I don't know the name of the company. I don't remember the number of the company.

Q Was that company located at the Miami Airport?

A Inside the Miami Airport is the company located.

Q I believe you said before that you thought the name South or Southern might have been in the name of the company that Mr. Duran worked for; is that correct?

(Interpreter interpreting to the witness.)

THE WITNESS: That is correct.

BY MR. CAROME:

Q But you don't know right now what the exact name was; is that right?

A I don't know exactly what is the name. I don't know.

Q If we call you back later this week, will you be able to provide us with that name?

A You call me, I am going to find the number.

Q All right. Was Mr. Bolivar associated with another airline company or aviation company at that time that he was associated with Sur International?

A Yes.

Q And what company was that?

A He was working with Arrow Airline.

Q Do you know what his position was?

A Pilot.

Q Of what type of airplane?

A DC-10.

Q And was Mr. Duran also a pilot with the other company he was working for?

A He was pilot of the other company.

Q He was a pilot with the other company?

A Yes.

Q What kind of pilot was he?

A DC-8.

Q He flew DC-8 airplanes?

A DC-8.

Q When was the last time that you had any active participation in the affairs of Sur International?

A The last week of September 1985 or the first week in October, the same year.

Q And why did you leave?

A Because they was working in his own income and I don't have any income. I don't receive any money from Sur International because Sur International never make a business in the time that I was with the company.

Q Just so it is clear, what you are saying is that during the time you were with Sur International in 1985, the company had no business and no income?

A No business and no income.

Q Did you, during January through October 1985, did you go to the Sur International office every day?

A No, not every day, but I was too many times, too many days in a week.

Q How many days per week would you go on average?

A Three or four days a week.

Q And where was the office located?

A In 5553 Northwest 36th Street, Miami, Florida, 33166.

Q Was that its office throughout the period you were associated with the company?

A Yes.

Q Is that a large office?

A It is a small office, very small office, just two rooms, two small rooms.

Q What was the telephone number at that office?

A 884-4210.

Q Did anyone else go to work in that office during the time you were there?

A No.

Q Was Mr. Duran the main person in this company? By that I mean was he the person who set it up and

UNCLASSIFIED

primarily organized it?

A Yes.

Q When did you meet Mr. Duran?

A In Colombia about 15 years ago.

Q And were you both working in the aviation industry?

A In the same company.

Q What company was that?

A Arrow Condor Airlines. He was a pilot of the company.

Q Has Sur International Airlines Incorporated been dissolved?

Let me rephrase the question.

Is the company still in existence today?

A No. Not exist.

Q When did it cease to exist, do you know?

A No. I suppose in October 1986, I suppose, but I am not sure.

Q You suppose that because the other people in the company, Mr. Duran and Mr. Bolivar, wrote you on October 28, 1986, asking you for permission to give them authority to dissolve the company; is that right?

A Yes.

Q Mr. De la Torre, our committees have received information indicating that Sur International was involved in a flight taking missiles from Israel to Iran in

UNCLASSIFIED

August and/or September, 1985. Do you have any knowledge whatsoever about such a flight or flights?

A No. I don't know nothing about that.

Q An Israeli businessman by the name of Schwimmer, s-c-h-w-i-m-m-e-r, is said to have chartered a Sir Internationa plane in that time frame. Do you have any knowledge of Mr. Schwimmer or such a charter?

A That is the first time I heard that name. I never heard before.

Q Do you know the name of a Mr. Nimrodi, an Israeli who is also said to have been involved in the transaction?

A No, sir.

Q Have you ever met or talked with a General Richard Secord, who is a figure that has been involved in our investigation?

A Excuse me. Can you translate?

(Interpreter translating question into Spanish.)

THE WITNESS: No.

BY MR. CAROME:

Q Do you have any knowledge whatsoever about any transportation of missiles or other cargo to Iran?

(Witness shaking head in the negative.)

BY MR. CAROME:

Q Was Sir International, Incorporated, in any way involved with shipments of material of any kind to the resistance forces in Nicaragua?

A No.

Q Did Sur International, to your knowledge, ever own or rent any airplanes?

A No.

Q What was the telephone at the Sur International office?

A 844-4210.

Q Was that the only telephone line there?

A Yes.

Q When was the last time you saw or spoke with Mr. Duran?

A About two years ago, the same time I left the company.

Q Did he indicate to you in any way whether he was going to try to continue the company's business?

A No.

Q He didn't say one way or the other?

A To continue the company?

Q Yes.

A No.

Q You understood at that time that the company was going to cease doing business; is that correct?

A Was finished, yes.

Q When was the last time that you saw or talked with

Mr. Bolivar?

A About three or four months ago.

Q Did he tell you at that time whether or not the company had continued doing business?

A No. We didn't talk nothing about it.

Q Am I correct that you, Mr. Bolivar and Mr. Duran, were all born in Colombia?

A Yes.

Q Did any of the three of you contribute money to set this company up?

A Excuse me?

(Interpretor translating question into Spanish.)

THE INTERPRETER: Your English reply would be only for the rent and utilities.

THE WITNESS: Phone installation like we pay for that

BY MR. CAROME:

Q I take it your answer is you did not contribute any money except for the office expenses; is that right?

A Office expenses, yes.

Q Someone, however, provided a loan to the company; is that right?

A Yes.

Q A friend of Mr. Bolivar's?

A A friend of Mr. Bolivar.

Q What is that person's name?

A Mr. Mussanden is the name of the company.

Q Could you spell the name?

A M-u-s-s-a-n-d-e-n.

Q And where does that person reside?

A He live in California, but I don't know what is the address is. He is a personal friend of Mr. Bolivar.

Q Dir Mr. Duran at one time work for a company which flew DC-8 airplanes?

(Interpreter translating question into Spanish.)

THE WITNESS: Yes.

BY MR. CAROME:

Q What company was that?

A I don't remember the name.

Q Is that the same company that is based in Miami Airport?

A The same company.

Q Who kept the books and papers for the company?

A Mr. Duran have the papers.

Q And do you know where those are today?

A No.

Q Mr. Bolivar and Mr. Duran are close friends; is that correct?

A Yes, sir.

Q Is it your understanding that Mr. Bolivar still works for Arrow Air?

A He is working for Arrow Airline.

Q I believe when we were interviewing you before we asked you whether or not the company with which Mr. Duran is associated was Southern Air Transport and you said maybe, but you are not sure; is that right?

A I am not sure.

Q Possibly, but you are not sure?

A Possibly.

MR. CAROME: I don't have any further questions.

EXAMINATION ON BEHALF OF SENATE SELECT COMMITTEE

BY MR. BARBADORO:

Q To your knowledge, was Sur International involved in any business transactions during August or September of 1985?

A No.

Q Did Sur International have any bank accounts?

A Yes. I give the number of the bank, the name and the numbers.

MR. CAROME: We have that.

MR. BARBADORO: Nothing further.

MR. BUCK: I have no questions.

EXAMINATION ON BEHALF OF HOUSE SELECT COMMITTEE

BY MR. BERMINGHAM:

Q Did you or your company or any of your partners to your knowledge have any involvement with the transportation of

UNCLASSIFIED

drugs?

A No. I don't know.

Q You don't know?

MR. CAROME: I don't have any further questions.

(Whereupon, at 4:25 p.m. the deposition was concluded.)

UNCLASSIFIED

UNCLASSIFIED

HSIS 08X '87

Stenographic Transcript of

HEARINGS

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

DEPUTY CHIEF (DC)

DEPOSITION OF [redacted]

Wednesday, July 15, 1987

Partially Declassified/Released on 7 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Co

Washington, D.C.

UNCLASSIFIED

4161

ALDERSON REPORTING

(202) 628-9300
20 F STREET, N.W.
WASHINGTON, D. C. 20001

COPY NO. 1A OF 1 COPIES

UNCLASSIFIED

DC

DEPOSITION OF [redacted]

Wednesday, July 15, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition
Washington, D. C.

DC

Deposition of [redacted] called as a witness by counsel for the Select Committee, in the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 1:35 p.m., the witness having been duly sworn by MICHAL ANN SCHAFER, a Notary Public in and for the District of Columbia, and the testimony being taken down by Stenomask by MICHAL ANN SCHAFER and transcribed under her direction.

Partially Declassified/Released on 7 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

UNCLASSIFIED

UNCLASSIFIED

APPEARANCES:

On behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition:

TIMOTHY WOODCOCK, ESQ.
Associate Counsel
TOM POLGAR
Investigator

On behalf of the Central Intelligence Agency:

DAVID PEARLINE, ESQ.
BRADFORD STILES, ESQ.

UNCLASSIFIED

UNCLASSIFIED

CONTENTS

WITNESS DC	EXAMINATION ON BEHALF OF SENATE	EXAMINATION ON BEHALF OF HOUSE
[redacted]		
By Mr. Woodcock	4	

EXHIBITS

[redacted] EXHIBIT NUMBER	FOR IDENTIFICATION
1	7
2	7
3	25
4	40
5	45
6	46

UNCLASSIFIED

UNCLASSIFIED

PROCEEDINGS

Whereupon,

DC

[redacted]

called as a witness by counsel on behalf of the Senate Select Committee and having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION

BY MR. WOODCOCK:

Q To begin the deposition, sir, would you state your name for the record and spell your last name, please?

DC DC

A My name is [redacted] That's [redacted] [redacted]

DC

Q Now, [redacted] before we get into the substance of your testimony let me put who I am on the record. My name is Tim Woodcock. I'm an Associate Counsel with the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition.

This is a deposition held under the resolution that has created this Committee, and it is therefore an official inquiry of the Senate Select Committee. With me is Tom Polgar, who is an investigator with the Committee.

DC

[redacted] before we get into the events of late November 1985, let me first ask you, if you would,

UNCLASSIFIED

to briefly go through your professional background.

A Okay. I would like it in the record that the information I'm going to be giving is, of course, Secret, and I assume that the whole deposition is also going to be Secret.

Q The deposition will be secret. Depending upon the character of the information you give us, it will be classified up to Codeword, and everyone here has been cleared up to that point.

[redacted]

Page 6

DENIED IN TOTAL

[redacted]

Q Now, [redacted] DC let me take you back, if I may, to the period around November 22, 1985. That day, for your information, has been determined to be Friday. Do you recall becoming involved in a matter involving the attempt to grant landing rights to a flight originating in Israel and coming [redacted] on that day?

A I must, you know, actually clarify the statement there, because I didn't know that it was Israel, that it was coming from Israel, at the time that we were called in. We were called in very early in the morning, about, I would say, the middle of the morning, about 3:00. C When I say "we", that was [redacted] CHIEF(C) and I. [redacted] was chief [redacted]

We received two separate cables which told the communicator to call each one of us in and have us stand by for a series of cables on a matter of extreme national security interest.

Q Now before you go any further, let me just stop you and show you what I will have marked as Exhibits 1 and 2. First I'll have them marked and then I'll show them to you.

(The documents referred to were marked [redacted] DC Exhibit Numbers 1 and 2 for identification.)

A Yes. These are the ones, very definitely.

Q DC [redacted] I'm showing you what has been marked as Exhibits 1 and 2. Do you recognize those?

A Yes, I do.

Q What do you recognize them to be?

A I recognize them as cables coming from Washington directing us to stand by for special assignment.

Q That is you and C [redacted]

A That's correct.

Q And those are the cables you were referring to when you said that you and C [redacted] were called early in the morning and told to report to the Embassy; is that correct?

A That is correct.

Q Now, when you got to the Embassy, who was there?

A The communicator.

Q And who was that?

A I wish I could remember exactly, because it could have been [redacted] or [redacted] I don't remember which one it was at the time.

Q But a communicator was present?

A A communicator was present.

Q Was C [redacted] already there or did he arrive later?

A I think he was already there, and in fact he was smiling when he showed me the thing. I didn't think it was very funny being awakened at that time.

Q Was smiling when he showed you the cable?

A Yes. We were just wondering what it was, what is this all about.

Q So what happened next?

A Well, we stood by, needless to say, and the cables did start arriving indicating that there would be an individual named Copp and a telephone number was given to us where we could reach him, and [redacted] later did contact Copp. And he himself told us to actually stand by because he felt that he had the matter well in hand at the time.

Q So what happened?

A After that Copp did call [redacted] again and told him that he needed some help, and that's when [redacted] -- and by that I mean just [redacted] and me -- [redacted] actually started trying to make some calls [redacted]

I want to clarify something here also. You know, insofar as [redacted] is concerned, this was not the only thing that was preoccupying us at the time. [redacted]

[redacted]
what happened there is it was a division of labor at the time. You know, c [redacted] took it upon himself to actually handle and focus on this particular problem, and I was charged with actually running the rest [redacted]

I was preoccupied [redacted] So there could have been, you know, a number of items that could have been sent out or could not have been sent out, you know, without my knowing as far as that goes.

Q I understand. I am going to be asking you to testify, of course, to the best of your recollection.

Now that really divides itself into at least three categories. There are those things that you personally experienced. There would be those things that c [redacted] might have told you at the time, roughly contemporaneous with the event, and then there are those things that perhaps he might have told you following the event, either immediately after or much later after the event.

When you testify, if you would be careful to explain how it is you came by the knowledge, then I think we'll avoid any confusion.

A Sure.

Q Now I think you had testified that initially when Mr. Copp was contacted he thought he had the matter in hand. Later it turned out that he did call upon your office for assistance.

A That is correct.

Q Do you recall what happened when he enlisted your assistance?

C C

A Well, he was talking to [redacted] and [redacted] was the guy that called him, and, if I recall correctly, I think that there was a lady at the first telephone number, and then I think that subsequently that lady gave him another number and when he called there it was [redacted] C individual that answered the phone. And then I think [redacted] spoke to Copp and Copp told him, okay, I've got the matter well in hand, it looks like I do. Hold off and I'll get back to you.

Subsequently, like I said, he did call, Copp did call, and ask for help. He was having problems. So he requested help and C [redacted] took it upon himself to actually go ahead and try to assist him, following the instructions that we had received.

C

Q Now by this point did you and [redacted] have an understanding as to what Copp was trying to get you to help him with?

A Well, yes, sure. It was a question of

actually, you know, I mean, I think it was on the question of the airplane, trying to get some clearances, [redacted] I think, at the time.

Q And did you have an understanding as to whether you were having any problem, or C [redacted] picked upon on General Secord's request of getting assistance [redacted] and getting clearance [redacted]?

A Another thing. At the time I didn't know it was Secord. You just mentioned Secord. I did not know it was Secord. In fact, I didn't know that it was Secord until this last time that I passed through here. All the time during that time the only individual that I knew, even if C [redacted] had mentioned that this is General Secord, you know, it wouldn't have meant a damn thing to me, because at the time, you know, Secord was a nobody, at least to me.

So, you know, he was talking to Copp and as far as I was concerned that was the name that I knew him by. He never mentioned, okay, this individual is General Secord. That's just one of the things. What was the rest of your question?

Q The question was, once Copp, whom you later came to know as Secord, advised you that he did in fact need your help, do you recall whether there was any or do you recall whether there was any problem with the foreign ministry giving the clearance for the airplane?

A There was quite a bit of a problem, and that was because of some actions that Copp and his [redacted] assistant had taken at the airport.

Q Now, if you can, would you explain to me what those actions were and what kind of problems they generated?

A Actually, what they had tried to do was they had tried to intercept the Prime Minister [redacted] [redacted] and some of his staff members at the airport and I would imagine at the time tried to enlist their support in trying to get a clearance for the aircraft to actually come in.

Q How did you learn this?

A I think this was from conversation I would probably have had with [redacted] this was an action that [redacted] and I had discussed.

We felt that this was a very stupid thing. In fact, I remember that clearly now -- at the time that it was stupid for them to actually make such a thing.

Q Do you recall who it was that Copp was with at the time he tried to intercept -- was it the Foreign Minister or the Prime Minister?

A I think it was the Prime Minister.

Q Do you recall who he was with, who his [redacted] contact was?

A Well, I've seen the name subsequently. It's a guy named [redacted] and I know that he was -- at the time also that we did know that he was a rather unsavory individual.

Q I gather you already had intelligence on him up to that point?

A We did have his name on file.

Q Now you say that information indicated he was unsavory. In what way did it indicate he was unsavory?

A He had a reputation for actually trying to bribe some officials or to bribe people in order to get some of those things done. And we subsequently also found out [redacted] he had tried to bribe a foreign ministry official to try to get clearances.

Q And this is connected with the same event?

A That is true.

Q In an attempt to get landing rights for this airplane?

A Exactly. [redacted]

Q And you understood that this had already occurred by the time you and [redacted] were brought into the matter; is that correct?

A At the time we didn't know that this had happened. We found this out subsequently, and this was one of the things that was causing the problems.

Q I gather when you found out subsequently that this had happened it had already happened before you and [redacted] were brought into the matter; is that right?

A That is correct, yes.

Q What then happened?

A Well, there was a lot of negotiating back and forth. Copp was constantly on the telephone with [redacted] and I think that they -- well, I know that they met once. [redacted] went out to meet with him. I want to clarify something here, that I never did meet with Copp.

Q Did you ever speak to him?

A I never did speak to him either.

MR. PEARLINE: Could we go off the record for a second?

(A discussion was held off the record.)

THE WITNESS: Let me explain this. Here, in this instance, it applies to this subject. I did receive a communication, a cable, from the IG asking me to explain as much as I could remember about this circumstance.

BY MR. WOODCOCK: (Resuming)

Q When do you recall that request coming in?

A What was it, about a month or so ago? Maybe a month and a half or so ago. I know there are two cables on the subject that I sent in.

Q Sounds like the IG heard the footsteps of Tom Polgar.

A Anyway, what happened is that I recall at the time -- well, I wrote a cable indicating that I had spoken, [redacted] and I had spoken with Copp, and what it is is, actually what I do recall was actually talking to another individual [redacted]

UNCLASSIFIED

[redacted] And this is what, at the time that I sent that first cable, I put down there that we had spoken to Copp. That was what I was thinking of at the time, because I just related that right away.

Actually it isn't. Again I repeat I never did meet with and never did talk to Copp either orally or anything or on the telephone, for that matter.

Q The person that you did in fact speak to [redacted] was not Copp; is that correct?

A That is correct.

Q And not the person you now know to be Secord; is that correct?

A That is correct.

Q So you have refreshed your recollection on that point and you now firmly recall that during this late November event you did not speak with Copp; is that correct?

A That is correct, and in fact the reason also that was clarified to me is because, you know, I have spoken to C [redacted] you know, on this thing, and in fact I asked him explicitly. I said, who the hell was that

UNCLASSIFIED

guy that we spoke to on [redacted]. I said wasn't that Copp? He says, no. I never brought Copp into [redacted] which is true.

Sitting back, I said, well, who is this guy. He says, DC [redacted] that was another [redacted]

Q Do you recall, as this series of events unfolded on November 22, whether [redacted] was in communication with CIA headquarters at Langley?

A It very definitely was in communication with it. Again, I have to emphasize one thing. You know, I mean, during the whole sequence of events here C [redacted] and I did have a division of labor and C [redacted] in fact even stayed in [redacted] you know, for those three days, I think it was, three days and nights, really only going home to actually refresh himself or grab a bite or something like that, you know.

And during the interim I was in charge, but again C [redacted] was handling most of the traffic that was coming in and out.

Q Do you recall whether you handled any of the traffic?

A I would imagine that I did. I mean, I know I subsequently did handle cable, but, you know, this was after I recall sending a lessons learned cable on the subject, [redacted]

Q That was a post facto assessment?

A It was a post facto thing. But during the interim again, you know, C [redacted] did handle most of the information that was coming in and going out, and whatever I gleaned was essentially through conversation with him. [redacted]

Q Do you recall the mission first being explained as one involving humanitarian assistance?

A Very definitely. That was one of the things, you know, I mean, that came up [redacted]

This was also one of the things that was discussed with DCM [redacted] and one of the arguments that DCM [redacted] himself was using with the Foreign Minister --

[redacted] being the DCM [redacted]

Q So that would be the Deputy Chief of Mission?

A That is correct.

[redacted]

Q [redacted] I gather that [redacted] C made some effort on his own before involving ← DCM → [redacted] to seek clearance rights; is that correct?

A I honestly can't say [redacted] we eventually brought in DCM [redacted] on the question. I say "we" because it was [redacted] but C [redacted] was the guy that actually briefed DCM [redacted] on the subject matter. [redacted]

[redacted]

Q Let's limit ourselves at this point to November 22. I gather that originally as this mission gathered steam you did not know that it was a hostage recovery mission; is that correct?

A Not in the initial things. This, I think, actually unraveled or unveiled itself -- I can't say whether it was the 23rd or the 24th or something like that. [redacted]

Q I understand. I'm trying to pin down a sequence more than exact dates at this point. Initially, however, you understood that this was a mission involving humanitarian assistance; is that correct?

A Yes.

Q That understanding was later, I gather, illuminated by an understanding that it also involved hostages; is that correct?

A And that it also involved arms.

Q We're going to proceed to that in a moment.

But there was an initial period when your understanding was that this was a humanitarian assistance mission and you didn't know a lot more about it than that; is that correct?

A That is correct.

[redacted]

Q Now, do you know or did you have an understanding at the time as to whether the fellow that you knew as Copp himself was in touch with CIA headquarters?

A We got that impression because he kept calling the office and indicating what to expect, so we figured that he obviously did have some way of actually contacting, you know, I mean, headquarters. It was rather strange, of course, in that sense.

Q And why do you say that?

A Because in a sense, you know, just about everything that he said, you know, what to expect, you know, actually usually came through. Expect such and such a cable to be coming indicating something or other, and eventually we'd get it. Needless to say, you know, [redacted] noticed this and he says, geez, he must have something on the outside. It was just rather obvious.

Q Did you have any understanding as to whether he was in secure communication with Washington?

A Well, we -- no, we didn't have any indication that he wasn't secure. We could only hope that he was.

Q And I gather you would also have understood that the persons at the CIA headquarters, or at least the office that was interested in this matter was the European Division; is that correct?

A Yeah, sure.

Q Did you have an understanding as to whether Mr. Clarridge himself was involved?

A Well, quite a few of the communications came from him, like this here, so we assumed that everything that was coming was coming from Dewey himself, Dewey Clarridge.

Q That's Duane and Dewey is his nickname; is that correct?

A Yeah.

Q Now let me bring you to the point -- and I'll stipulate for the record that this occurred on November 22 -- let me bring you to the point where [redacted] DCM becomes involved. Do you recall what it was that generated the involvement of [redacted] DCM

A [redacted] recommending that it would be a heck of a lot easier and a heck of a lot better if [redacted] was brought into it. DCM

Initially there was some resistance, but it was after, you know, a number of attempts were made to actually get the clearances on our own and also, I guess, Copp, through his own, that Copp finally realized that time was getting short and he called -- in fact, this was one of those things, you know, where we told [redacted] to stand by and await the clearance or an okay for DCM [redacted] That was very much one of the instances, you know, to actually bring in DCM [redacted] and to have him use whatever influence he could to assist us in this.

Q Now when DCM [redacted] became involved, do you recall him having some question about his authority to become involved?

A Very definitely. DCM [redacted] that type of person. He's a very professional State Department officer whom I respect personally, and it was in his character to actually ask a question like that -- very definitely. And in fact the cable did go out [redacted] indicating that DCM [redacted] was questioning on whose authority, and a cable did come back indicating that this was NSC, and I assumed that some officials in the State Department knew about it.

Q Do you recall that cable coming in?

A I recall the cable coming in, yes. In fact, I think it was directed to [redacted] DCM if I recall correctly.

Q Okay. I'm going to show you what will be marked as Deposition Exhibit 3 and ask you if you are able to identify that.

(The document referred to was marked DC [redacted] Exhibit Number 3 for identification.)

A Yes. I remember it.

Q Is that the cable that you were referring to earlier when you said that DCM [redacted] received cable giving him authority to proceed?

A Yes.

Q That cable, I gather from its identification, indicates that it was originated at the office of the Chief of the European Division, Mr. Clarridge; is that correct?

A That is correct.

Q Now again remaining on November 22, do you recall a point in this undertaking where you or [redacted] C [redacted] was advised that the plane for which you were seeking clearance rights in fact was airborne and was on its way and was reaching a go or no-go point?

A That is correct. I remember that, yes, very definitely, because that was one of the reasons why DCM [redacted] was brought in, to try to actually assist us through his own influence to get clearance as fast as we could.

Q Now do you recall that also at this period of time part of the trouble that was plaguing this operation was that the Foreign Minister was unavailable because he was in a Cabinet meeting?

A Yes, I remember that. In fact, I think that some of the foreign ministry officials were instructed that this was a matter of great urgency and to please call him out of the meeting.

Q Do you recall what the response to that was?

A I think there was some more delay, actually, at the time.

UNCLASSIFIED

Q I gather that as of the close of business on November 22 this matter still hadn't been resolved; is that correct?

A I truthfully, you know, wouldn't be able to answer, but I know that it took quite a bit of time to actually try to get to the foreign ministry, and I can't honestly say that by midnight of the 22nd -- you know what I mean -- that the matter had not been resolved.

The reason for this, again, is that I took off.

Q You didn't stay there all night; is that correct?

A That is true.

Q Let me ask you the question somewhat differently. By the time you left [redacted] on November 22, was it your understanding that clearance rights were granted or not granted?

A Not granted. This was, I would say, maybe about 7:00 at night or so.

Q Now you returned, I gather, [redacted] the next morning; is that correct? That would be Saturday?

A Yes, yes, very definitely.

C Q Now what was happening when you returned? Was [redacted] still there?

A Yes, he was.

UNCLASSIFIED

Q And what was he doing?

A He was somewhat sleepy and tired, I tell you. If I remember correctly, I think that he took time out to actually go home for an hour or two, clean up and grab a bite, and then he came back.

Q And I gather you would have been in charge [redacted] while he was gone; is that correct?

A That's correct.

Q Did anything happen while he was gone?

A Not that I can recall. In fact, I mean, obviously nothing happened because it didn't leave any impression with me at the time.

Q Then after [redacted] c returned from having visited his home or getting cleaned up or whatever he did, do you recall Mr. Copp coming back into the picture?

A c I know that it was during one of these days that [redacted] and Copp did get together. Now it could have been on Saturday. It could have been on Sunday. I don't know. But I know they did get together to talk personally.

Q Was that generated in part by a concern for security?

A If it were up to me, no. If I were going to be involved in an operation, you know, I would want to talk to the individual, you know, rather than conduct the whole thing over the phone or anything like that. I'd like to speak to him face to face, especially on an operation as sensitive as this.

Q Did you have a feeling that that's what [redacted] C [redacted] analysis was as well?

A I imagine it would be. C [redacted] is a very professional and very thorough individual, so I would imagine that this was his decision.

Q I've seen him fairly recently. He still appears to be.

Now I gather from your testimony that you don't have a specific recollection as to whether Mr. Copp and C [redacted] met on either Saturday the 23rd or Sunday the 24th, but you do have a specific recollection that they did meet at some point?

A Yes, I do.

Q Now, do you recall following that meeting [redacted] C [redacted] coming back and imparting any information to you with respect to the substance of the meeting?

A I would say it was probably from this discussion that I gleaned that what the plane was carrying was arms. But, you know, given this discussion and especially since C [redacted] was in a hurry, again knowing that he wanted to send the information out, I do not know and I did not see the cable that went out. But I know

UNCLASSIFIED

that he did sit down and that he did work on a cable concerning his discussions with Copp.

And I do recall that he did -- you know what I mean -- to me advise that the subject that they had discussed and that what the plane was carrying was arms. There was no breakdown, you know. He didn't say the plane is carrying this, this, this, and this. He did not say that to me.

Q Now let me ask you to do this, if I may, [redacted] DC C [redacted] First let me back you up to the point where has returned [redacted] following his discussion with Mr. Copp. You, C I gather from your testimony, were told by [redacted] that Copp had revealed that the cargo of the plane was arms; is that correct?

A Yes.

Q Now did he also reveal to you from Mr. Copp what the destination of the plane, the ultimate destination of the plane was?

A Not that I recall. I can't say. I cannot say that, no. The only thing that I know is where it was coming from, and I think it was Israel.

Q Do you recall whether he told you whether the arms shipment was in any way related to Americans held hostage?

UNCLASSIFIED

UNCLASSIFIED

A That I do. At about that time it actually came out that it was going to be for the hostages in Lebanon.

Q Do you recall, when he related this conversation to you, was DCM [redacted] present?

A I don't think so. I don't recall that. In fact, I don't recall ever engaging with DCM [redacted] on this, talking to DCM [redacted]

Q Let me proceed in your testimony. You then testified that C [redacted] committed to writing the substance of the conversation that he had with Mr. Copp; is that correct?

A Um-hum.

Q You also, I believe, testified that you yourself did not actually see the cable; is that correct?

A That is correct.

Q Now how is it that you come by an understanding of the contents of the cable?

A I'm saying that he relayed it to me.

Q Let me break this into a couple of pieces. Your recollection is that C [redacted] sat down and wrote a cable; is that correct?

A That's an assumption on my part, that he wrote, obviously, on the substance of his conversation with Copp.

Q Now let me ask you this. If that's an assumption, why do you so assume?

A Because, you know, of what I know about [redacted] Again I repeat that [redacted] is a very professional and very thorough individual and on an operation of this sensitivity, of this magnitude, one of the first things that he would do after holding a conversation of this nature with a guy like Copp, he would come down and knowing what it was all about he would document it.

And again, you know, after having worked with him for about a couple of years I know how he thinks operationally, and okay, I'm assuming that this is what he did and he'd be crazy not to.

Q Okay. Let me just go over that analysis of yours in a little greater detail. By the time [redacted] [redacted] returned from his meeting with Mr. Copp you yourself already had an understanding that this was an extremely sensitive mission; is that correct?

A Very definitely.

Q And [redacted] knew more about it than you did at that point; is that correct?

A That is correct.

Q I gather that the information that he brought back with him, when you heard it you yourself deemed it to be significant information; is that correct?

A Yes.

c Q Did you have an understanding as to whether [redacted] also deemed it to be significant information?

A Very definitely.

Q And I gather that your testimony is that you had knowledge that some kind of cable was being generated; is that correct?

A That is correct.

Q Was that something that he told you about or that you somehow saw him sit down?

A Well, I know he went into his office and he started to work [redacted] on the word processor, and started to type up something.

Q Now was that immediately following his conversation with you?

A Yes. And again the conversation was just in passing, if you will.

Q That is, he gave you the brief outlines of his conversation with Mr. Copp as you have just described it; is that correct?

A Yes, that is correct.

Q Did he say anything to you like I'm going to transmit this to headquarters or anything like that?

A No. I just assumed it, you know. I mean, you know, we don't sit down and say I'm going to send this to headquarters right now or anything. You just go ahead and do it.

Q Did he later confirm to you that he had sent out a cable on that subject?

A No, I can't say that he did.

Q So your conclusion is based on your understanding of the sensitivity of the mission; is that correct?

A Yes. C

Q And [redacted] general --

A His professionalism.

Q And his method of operating; is that correct?

A His thoroughness and the fact that under those circumstances he would want to have something documented.

Q Documented in the sense that he himself would not be later put in a position where he would be accused of withholding significant information; is that correct?

A Well, it's very important information. I don't think the question of actually withholding came into question at the time or even crossed his mind. I just think, again, that he wanted it to be made a matter of record.

MR. POLGAR: Would it not be normal for a chief [redacted] with [redacted] experience to send a message on an important matter as almost second nature?

THE WITNESS: Yes, it is, very definitely.

BY MR. WOODCOCK: (Resuming)

Q And I gather it would not be second nature to withhold that kind of information?

A Of course. That's why I said he'd be crazy not to.

MR. POLGAR: Isn't it also true that any [redacted] with any experience, when he gets interesting information, has an urge to send it to headquarters because he likes to be noticed?

THE WITNESS: It's almost Pavlovian, you know. It's automatic. It's an automatic reaction, really.

BY MR. WOODCOCK: (Resuming)

Q C Now, following this conversation that you had with [redacted] where he had related some of the conversation that he had just had with Mr. Copp what do you recall happening with this effort to gain landing rights?

A The foreign ministry requested notes.

Q That is, [redacted] Foreign Ministry?

A [redacted] Foreign Ministry requested notes be drafted up and sent to them and drafted in such a way as to explain the nature of the mission. The first note was turned down because they felt that it was not

UNCLASSIFIED

sufficient, did not give a sufficient explanation. So they asked that two notes be sent.

By this time I think, if memory serves, that time was getting short, and I think what happened at that time, during the time that we were working on the second note -- I say "we", I mean [redacted] -- I mean [redacted] DCM [redacted] and [redacted] on the second note, you know -- is instructions were sent [redacted] indicating that in fact there was a very, very strong note telling them the U.S. Government was sorry that [redacted] [redacted] had not seen fit -- something, words to that effect -- to assist in this humanitarian mission.

Q That was the concluding note?

A That was the concluding note, correct, because obviously at that time the plane or flight had aborted or something, at least turned off.

Q That no doubt was warmly received by [redacted] [redacted]

A It was not warmly received. In fact, if I remember [redacted] word, I think they used the word

DCM

UNCLASSIFIED

"indignant" at having received it.

I apologize for sucking on Sucrets, but my throat is in pretty sad shape.

Q You should know that but for your remark your sucking of Sucrets would have been absolutely unknown to the record.

(Laughter.)

Do you recall on November 23 -- and this would be the Saturday -- [redacted] was involved as the communicator?

A I can't truthfully say. [redacted]

Q You don't recall, I gather, having any direct interaction with the communicator on the subject yourself?

A The only thing I know is -- I don't know whether it was during this time or not -- that I went in to send out a cable and this was at night [redacted]

UNCLASSIFIED

[redacted]

But eventually between the two of us we did get this cable out.

Now whether it concerned this particular matter or not, I really truthfully cannot say.

Q This is a cable that you yourself worked on; is that correct?

A That is correct. [redacted]

UNCLASSIFIED

[redacted]

Q I gather that at some point, either on November 23 or November 24, this matter for practical purposes came to an end from the perspective of [redacted] [redacted] is that correct?

A Yes.

Q And the final word on that for the moment was the very abrupt note?

A The note to the Foreign Ministry.

Q That, I gather, was delivered by [redacted] [redacted] DCM

A That's correct.

Q Is that something that he told you or [redacted] c [redacted] told you?

A I think we learned of the substance of the note, you know, and I knew that [redacted] DCM was going to deliver it, but it wasn't something that [redacted] DCM told me, no.

Q Let me back up just a moment. I'm going to show you what will be marked as Deposition Exhibit 4, which actually consists of two pieces of paper. I'm going to direct your attention in particular to paragraph four and ask you if that relates to the information that you had about [redacted] and Mr. Copp being associated with one another.

(The document referred to was

DC

marked [redacted] Exhibit Number 4 for identification.)

(Pause.)

A Yes. This is it.

DC

Q Now, [redacted] in the course of your involvement in this effort, which I understand was less

C

than that of [redacted] do you recall coming across any information that Thomas Clines was assisting Mr. Copp?

A None whatsoever.

Q Was Thomas Clines somebody who was known to you?

A Yes.

Q Through the CIA; is that correct?

A That is correct [redacted]

Q Did you have any information as the deputy chief [redacted] linking Clines with [redacted]

A No, none that I can think of, none that I know.

Q Did you come across any information linking this operation with the name of Albert Hakim?

A Negative. You're talking about during the time that I was there?

Q Correct.

A No, negative, none whatsoever.

Q I gather from your testimony you did not learn that Mr. Copp was in fact General Richard Secord until sometime fairly recently; is that correct?

A In fact, it was on the 8th of this month.

Q The 8th of July?

A The 8th of July, when I was passing through [redacted] I sat down and talked to [redacted] and I said, I didn't know Copp was Secord. He says, I didn't tell you? I says no, for God's sake. Again, I must say that if he had told me that it was Secord at the time, you know, it wouldn't have meant a damn thing to me because I didn't know Secord from Adam.

Q Well, in fact Adam was the pseudonym of yet another person here. In fact, let me ask you about Adam for a moment. Did you have any understanding as to whether Amiram Nir -- had you ever heard that name before?

A Who?

Q Amiram Nir.

A No, doesn't ring a bell.

Q Also known as Adam. Or Al Schwimmer?

A No.

Q Or ~~Yakov~~ Yaacov Nimrodi?

UNCLASSIFIED

A No.

Q None of those names came to your attention in the course of this?

A No. None rings a bell either, for that matter.

Q To this day?

A To this day.

Q Haven't they distributed the Tower report among CIA personnel at [redacted]

(Laughter.)

MR. PEARLINE: It hasn't gotten to [redacted]

BY MR. WOODCOCK: (Resuming)

Q Now in these communications, I won't say in your communications but in the communications coming from [redacted] to Washington, were those proceeding on a privacy channel? Do you have any understanding of that?

A Yes, very definitely. They were in a privacy channel. In fact, it's right here on this one here, which is the privacy channel restricted for the Chief of the European Division.

Q And messages coming back to you from [redacted]

A Coming back from Chief of EUR, you mean, yes, they would be --

UNCLASSIFIED

UNCLASSIFIED

Q What did I say?

A [redacted]

Q Excuse me, Chief of Europe.

A It would be. They use the same slugs.

Q Do you recall at any point receiving -- either you or [redacted] receiving -- telephonic contact from the Chief of the European Division?

A Once very definitely I remember, and I don't know exactly what date, whether it was on the 22nd or whether it was on the 23rd or 24th. In fact, I answered the phone and I couldn't get Dewey's name, and finally I just gave up. He says I want to talk to [redacted] I want to talk to [redacted] I said okay, just a minute.

So I called [redacted] and [redacted] answered the phone. He says who is it, and I said I don't know. I can't make out the name. It sounds like Donnie or something like that. And so Dewey gets on the phone. According to [redacted] -- this is [redacted] telling me -- he said that Dewey had asked him, he said, you know who this is? And [redacted] says yeah, Donnie. I don't know.

He says this is Dewey. This is Dewey. And I don't know what transpired. I was not on the other phone. I don't know what transpired, but I do know that Dewey did call him once.

Q Now, did you have any understanding that

UNCLASSIFIED

Lieutenant Colonel North was involved in this in any way?

A No, not at that time.

Q I gather you did have information indicating that this was an effort undertaken with at least the blessing of the National Security Council; is that correct?

A Yes, of course. You know, some of them are titled the NSC mission. Quite a bit of the traffic indicated that.

MR. POLGAR: Was [redacted] at [redacted] at that time?

THE WITNESS: Yes. She was. [redacted]

MR. POLGAR: Did she have any role in handling these messages?

THE WITNESS: Not that I know of. She could have been the person that actually hand-carried some of the stuff [redacted]

MR. POLGAR: But under the practice then prevailing [redacted] the officer initiating a cable would type it up [redacted]?

C

THE WITNESS: That is correct. [redacted] when he was doing it, would type it up and he would then have it printed up and then it would be ripped off and put in an envelope and hand-carried [redacted]

BY MR. WOODCOCK: (Resuming)

Q Let me show you what I've marked as Deposition Exhibit 5.

(The document referred to was marked DC [redacted] Exhibit Number 5 for identification.)

Is this the cable communicating the terse note from the United States that you referred to in your testimony earlier?

A That is correct.

Q And that is the message that DCM [redacted] to your understanding, ultimately delivered to [redacted] is that correct?

A Right, and he subsequently drafted a message indicating the reaction of the Foreign Ministry to it, which was also sent up, by the way.

Q I gather he was relieved that [redacted] practiced the art of not killing the messenger with the bad news; is that correct?

DC [redacted] let me ask you if you would take a moment to review a cable sent out on December 4, 1986, by C [redacted] and ask you if there is anything in this that you do not agree with or is inconsistent with your recollection of events.

Let me note for the record that I have not given you this cable before because I did not want to instill an artificial memory into you. Nevertheless, I would like you to look at this and see whether there's anything in it that you find to be inaccurate. We'll mark this as Deposition Exhibit Number 6.

(The document referred to was marked [redacted] DC Exhibit Number 6 for identification.)

(Pause.)

[redacted] you've had an opportunity to review Deposition Exhibit Number 6, and that is a cable from [redacted] C to the Inspector General on the subject of the events of November 22 and 23 and 24. I gather you have reached a conclusion as to whether there are parts of it or all of it that you agree to; is that correct?

A That is correct. There's only one item actually here, and this is a question of I'll tell you that the question on the HAWK missiles itself, again I cannot actually say -- I didn't know at the time that HAWK missiles were even mentioned and I did not know what the breakdown of the cargo that the plane was carrying contained.

I know it was a question of arms.

Q Correct, and I think the record should be clear, and you may want to state this to make the record

UNCLASSIFIED

SECRET

clear, that I'm not asking you whether you have a specific recollection of everything in that cable, and I gather from your testimony that you do not have a specific recollection or knowledge of everything that is in that cable; is that correct?

A That is correct.

Q However, there is nothing in that cable that you know to be false; is that correct?

A That is correct.

Q Now I would state for the record that there are, I believe, two references in that cable to a [redacted] company by the name [redacted] and I advised DC [redacted] before he began reading the cable that [redacted] C had corrected those references and that he had in fact meant to refer to [redacted] so that your comments on that cable are made with the understanding that it was [redacted] rather than [redacted] that was intended by [redacted] C when he wrote that cable; is that correct?

A Yes. And it is a natural mistake that he made, very definitely.

MR. WOODCOCK: I don't think I have anything further.

DC

[redacted] I appreciate your coming in here and hope the Agency makes good use of

SECRET

UNCLASSIFIED

your time [redacted] and I hope by the time you leave that you are provided with a copy of the Tower Commission report so you can spread the news among the citizens [redacted] [redacted]

THE WITNESS: I'm sure they'll be happy to hear it.

(Whereupon, at 2:45 p.m., the taking of the instant deposition ceased.)

____
Signature of the Witness

Subscribed and Sworn to before me this ________ day of
________________________, 1987.

____

My Commission Expires: ______________________________

CERTIFICATE OF REPORTER

I, MICHAL ANN SCHAFER, the officer before whom the foregoing deposition was taken, to hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Michal Ann Schafer

Notary Public

in and for the District of Columbia

My Commission Expires: February 28, 1990

UNCLASSIFIED

22 Nov 85
86 4068F

00000

[redacted]

85 9063107 ASZ PAGE 001
TOT: 22[redacted] NOV 85 DIRECTOR 624939

S E C R E T
STAFF 22[redacted] DIRECTOR 624939
TO: FLAS[redacted]

[redacted]

0298

SUBJECT: MESSAGE FOR [redacted]

FROM [redacted]

1. PLS HAVE [redacted] REPORT TO OFFICE AND STANDBY TO ASSIST [redacted] ON SPECIAL ASSIGNMENT.

2. NO FILE. DECL OADR HUM 4-82. ALL SECRET. >
ORIG & RELEASED BY DDO/DC [redacted] PER AUTHORITY OF C/EUR (CLARRIDGE). CL BY [redacted]

END OF MESSAGE SECRET

[redacted]

Exhibit #1
7/15/87 mao

Partially Declassified/Released on 29 Jan 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5225

UNCLASSIFIED

22NOV85

[redacted]

85 0142973 PSZ PAGE 001
TOT: 22[redacted] NOV 85 DIRECTOR 624839

UNCLASSIFIED

STAFF 22[redacted] DIRECTOR 624839

TO: FLASH [redacted].

[redacted]

[redacted]

Exhibit #2
7/15/87 mao

1 0297

SUBJECT: MESSAGE FOR [redacted]

FROM [redacted]

1. PLS HAVE [redacted] REPORT TO OFFICE AND STANDBY FOR SERIES OF MESSAGES.

2. NO FILE. DECL OADR HUM 4-82. ALL SECRET. >
ORIG & RELEASED BY DDO/DO [redacted], PER AUTHORITY OF C/EUR
(CLARRIDGE). CL BY [redacted]

END OF MESSAGE SECRET

Partially Declassified/Released on 2 Jan 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5226

UNCLASSIFIED

UNCLASSIFIED

22 NOV 85

[redacted]

C/EUR
OUTGOING

85 9092988 ASZ PAGE 001
TOT: 22[redacted]NOV 85 DIRECTOR 626226

S E C R E T
STAFF 22[redacted] DIRECTOR 626226
TO: FLASH [redacted]

SUBJECT: NSC MISSION

REF: [redacted]

1. PER INSTRUCTIONS FROM DEPUTY ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS ADMIRAL POINDEXTER, [redacted] IS REQUESTED TO ADVISE CHARGE THAT ONLY SECSTATE AND AMBASSADOR OAKLEY ARE AWARE OF THIS OPERATION. ADMIRAL POINDEXTER IS MOST APPRECIATIVE OF THE SPLENDID EFFORTS THAT THE CHARGE IS MAKING TO ACCOMPLISH THIS MISSION AND REITERATES THAT ANY MESSAGES THAT THE CHARGE WISHES TO SEND TO [redacted] SHOULD BE IN [redacted] CHANNELS.

I 0308

2. WE ARE ATTEMPTING TO PUT TOGETHER ANOTHER SPECIAL FLIGHT FOR 23 OR 24 NOVEMBER, AND THUS YOUR UNDERSTANDING WE STILL WANT [redacted] APPROVAL IS CORRECT.

3. MCFARLANE IS STILL TRYING TO TELEPHONE FOREIGN MINISTER. PLEASE ENSURE THAT APPROPRIATE [redacted] AUTHORITIES UNDERSTAND WHO MCFARLANE IS AND WHO HE REPRESENTS.

4. NO FILE. DECL OADR DRV HUM 4-82. ALL SECRET >
ORIG: C/EUR (CLARRIDGE); AUTH: [illegible]; RELS: C/EUR (CLARRIDGE) [illegible]
[redacted]

END OF MESSAGE SECRET

Partially Declassified/Released on 29 Jan 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

[redacted]

Exhibit #3
7/15/87 mov

5227

UNCLASSIFIED

23 NOV 85

UNCLASSIFIED

[redacted]

C/EUR
INCOM

85 9100880A ASZ
CORRECTED COPY

PAGE 001
TOR: 23 [redacted] NOV 85

IN 9100880A [redacted]

S E C R E T 23 [redacted] NOV 85 STAFF

CITE [redacted]

[illegible] 29 [illegible] 88

[redacted]

Exhibit 4
7/15/87 mac

TO: FLASH DIRECTOR.

[redacted]

SUBJECT: NSC MISSION

1. FOLLOWING IS SITREP ON NSC MISSION AS OF 1230 HOURS 23 NOVEMBER.

2. CHARGE CONTACTED [redacted] HE CONVEYED MESSAGE CONTAINED IN DIRECTOR 626552. [redacted] WAS NOT AWARE OF MCFARLANE [illegible] CONVERSATION. HE OPINED A DIPLOMATIC NOTE WILL STILL BE REQUIRED BUT PROMISED TO CHECK WITH MINISTER. [redacted] CHARGE AND COPP COLABORATED ON DIPLOMATIC NOTE TO BE USED IF ABSOLUTELY NECESSARY. AT 1130 HOURS CHARGE WENT TO [illegible] AND MET WITH [redacted] AND [redacted] THEY STATED THEY NEEDED NOTED BECAUSE NOTE WOULD CONFIRM THAT USG WAS REALLY INVOLVED AS THEY HAD HAD DOUBTS. CHARGE PRESENTED NOTE AND THEY AGREED TO MEET AND ADVISE DECISION SOONEST.

1 0316

5228

UNCLASSIFIED

3. COPP BRIEFED [redacted] ON CURRENT PLAN WHICH INVOLVES THREE FLIGHTS BY TWO PLANES TO [redacted] 23-24 NOVEMBER. COPP INDICATED HE WAS HAVING TROUBLE ARRANGING TRANSSHIPMENT OF CARGO TO DESTINATION BY OTHER PLANES. HE STATED [redacted] INDICATED HE COULD NOT ASSEMBLE PLANES AND CREW WITHIN 48 HOURS. COPP ASKED CHARGE TO INTERVENE OFFICIALLY WITH [redacted]. CHARGE COULD NOT REACH [redacted] AND COULD NOT IDENTIFY ANY EMBASSY OFFICER THAT KNOWS HIM.

[redacted]

3. [redacted] MET WITH COPP IN BRIEF CAP MEETING AT 1130 HOURS TO COORDINATE ACTION AND BRIEF EACH OTHER.

[redacted]

COMMENT: [redacted] IS SERVING AS COPP'S RIGHT ARM IN ATTEMPTING TO ARRANGE THE CURRENT TRANSFER. HE USES [redacted] OFFICE AS HIS BASE. [redacted] HAS NOT BEEN ABLE TO CONVEY SECURELY [redacted] INFORMATION TO COPP AT THIS TIME.)

[redacted]

UNCLASSIFIED

SECRET
UNCLASSIFIED

85 9100880A ASZ PAGE 002 IN 9100880A
CORRECTED COPY TOR: 23[redacted] NOV 85 [redacted]

[redacted]

I 0317

5. [redacted]

OPERATION THEY AT FIRST THOUGHT THIS WAS A PENTAGON [redacted]

6. [redacted]

7. FILE: N. DECL OADR DRV HUM 4-82.

WASH S/C NOTE: DUPE MSGNBR WITH 9090108, BEING SERVICED
HFD COMMENT: CHANGED CITE NUMBER PERE SVC 9100880.
END OF MESSAGE SECRET

UNCLASSIFIED
SECRET

23 NOV 85

UNCLASSIFIED

[redacted]

C/EUR
OUTGOING

85 9102570 ASZ PAGE 001
TOT: 23[redacted]NOV 85 DIRECTOR 627621

SECRET
STAFF 23[redacted]DIRECTOR 627621
TO: FLASH[redacted]
[redacted]

SUBJECT: NSC MISSION

I 0324

REF: [redacted]

1. ADMIRAL POINDEXTER REQUESTS THAT THE CHARGE CONVEY THE FOLLOWING NOTE TO THE GOVERNMEN[redacted] QUOTE: WE REGRET THAT YOUR GOVERNMENT WAS UNABLE TO FULFILL THE USG REQUEST FOR THIS HUMANITARIAN MISSION. END QUOTE.

2. IT IS OBVIOUS FROM THE ABOVE THAT WE ARE CLOSING DOWN [redacted] ASPECT OF THIS OPERATION. SHOULD THE NOTE ELLICIT A RECONSIDERATION OF THE SITUATION BY [redacted] WE MIGHT REACTIVATE AT SOME POINT. APPRECIATE YOUR EFFORTS ON ALL OF THIS. REGARDS.

3. FILE: NO FILE. DECL OADR DRV HUM 4-82. ALL SECRET.>
ORIG: C/EUR (CLARRIDGE); AUTH: C/EUR (CLARRIDGE); REL: C/EUR (CLARRIDGE). CL BY[redacted]

END OF MESSAGE SECRET

[redacted]

Exhibit #5
7/15/87 mar

Partially Declassified/Released on 29 Jan 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

5229

UNCLASSIFIED

DEC 86

[redacted]

TOR: ON [redacted] DEC 86

S E C R E T ON [redacted] DEC 86 STAFF

CITE [redacted]

TO: IMMEDIATE DIRECTOR.

UNCLASSIFIED

SINGLE COPY

[redacted] FOR THE INSPECTOR GENERAL FROM [redacted]

SUBJECT: [redacted] SUPPORT TO NSC MISSION, 22-27 NOV 85

REF: DIRECTOR 107023

[redacted]

Exhibit 6
7/15/87 mas

1. ALL [redacted] DOCUMENTS INCLUDING INCOMING AND OUTGOING CABLE TRAFFIC DEALING WITH SUBJECT MISSION WERE SHREDDED AND DELETED FROM [redacted] IN DECEMBER 1985 CONSONANT WITH THE HIGH SENSITIVITY ACCORDED TO THE MISSION. THE ONL [redacted] PERSONNEL AWARE OF THE MISSION WERE [redacted] THE [redacted] AND OF COURSE OUR COMMO PERSONNEL. [redacted] TOOK ALL ACTION HIMSELF AND DRAFTED ON [redacted] ALL OUTGOING COMMUNICATIONS. HENCE, [redacted] CLERICAL PERSONNEL WERE NOT INCLUDED IN THE BIGOT LIST. [redacted] DOES NOT HAVE A COPY OF DIRECTOR 625103.

0596

2. THE FOLLOWING IS RECONSTRUCTED FROM MEMORY AND MAY CONTAIN MINOR DISCREPANCIES. AL [redacted] ACTIONS WERE FULLY REPORTED IN THE [redacted] CHANNEL. [redacted] WRITTEN [redacted] RECORD SHOULD THEREFORE BE CONSIDERED THE AUTHORATATIVE SOURCE.

A. CIRCA 0300 HOURS LOCAL ON 22 NOVEMBER, THE ON DUTY COMMUNICATIONS OFFICER SUMMONED [redacted] IN RESPONSE TO A NIACT CABLE. UPON ARRIVAL [redacted] CIRCA 0400 HOURS [redacted] FOUND TWO NIACT CABLES. ONE, ADDRESSED TO [redacted] INSTRUCTED HIM TO STANDBY FOR INSTRUCTIONS FROM THE NATIONAL SECURITY COUNCIL REGARDING A HIGHLY SENSITIVE MISSION. THE SECOND CABLE, ADDRESSED TO [redacted] INSTRUCTED HIM TO STANDBY TO ASSIST [redacted] AS NEEDED IN PERFORMING A HIGHLY SENSITIVE MISSION FOR THE NATIONAL SECURITY COUNCIL. [redacted] ARRIVED, READ HIS MESSAGE AND STOODBY TO ASIST. NOT MUCH LATER, A THIRD MESSAGE ARRIVED. IT CONTAINED WORDS TO THE EFFECT THAT THE NATIONAL SECURITY COUNCIL DIRECTED [redacted] TO CONTACT IMMEDIATELY ALIAS RICHARD COPP AT A SPECIFIED TELEPHONE NUMBER AND TO ASSIST HIM AS REQUIRED IN THE PERFORMANCE OF HIS HIGHLY SENSITIVE CLASSIFIED NATIONAL SECURITY COUNCIL MISSION. THE CABLE SPECIFICLY DIRECTED [redacted] NOT TO DISCUSS THE ASSIGNMENT WITH THE AMBASSADOR.

B. [redacted] IMMEDIATELY PHONED THE CITED NUMBER. THE NUMBER TURNED OUT TO BE THAT OF A LOCAL HOTEL. [redacted] ASKED THE DESK FOR COPP. A FEMALE ANSWERED THE NUMBER IN COPP'S ROOM AND SAID COPP HAD JUST DEPARTED FOR THE "OFFICE". SHE PROVIDED THE OFFICE NUMBER. [redacted] CALLED THE NUMBER. IT WAS ANSWERED BY A [redacted] MALE. COPP WAS SUMMONED TO THE PHONE. [redacted] IDENTIFIED HIMSELF AND PLACED HIMSELF AT COPP'S DISPOSAL. AT THAT TIME, COPP SAID HE THOUGHT HE HAD HIS PROBLEM UNDER CONTROL BUT COULD NEED HELP. HE WOULD KNOW BETTER BY 0900 HOURS. [redacted] PROVIDED COPP WITH THE NECESSARY PHONE NUMBERS AND TOLD HIM HE WOULD STANDBY [redacted] TO ASSIST AS

Partially Declassified/Released on 29 Jan 88 under provisions of E.O. 12356 by K. Johnson, National Security Council

5230

SECRET

UNCLASSIFIED